

# The NATIONAL UNDERWRITER

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## Institute Is Given First Hand Account Of Inflation Woes

German Labor Leader Says People Can Help But Main Reliance Is On Government

NEW YORK—Those attending the annual meeting of Institute of Life Insurance got a vivid and sobering account of the tragedy of inflation from a man who knew at first hand what he was talking about.

Ludwig Rosenberg, member of the executive committee of the German Federation of trade unions, said that the seeds of inflation are sown in the political and economic apathy of the people and in the consequent failure of government to take the necessary steps in its fiscal and other practices to prevent inflationary tendencies from getting out of control.

While placing the direct responsibility for inflation on government, Mr. Rosenberg emphasized the fundamental obligation that the people must assume in a free society.

### Words Have Scant Effect

"It is the duty of every group in the community to see to it that selfish group interest does not gain power over the common interest of all," he stated. "These words, as true as they are, have but little factual effect. Human beings have professed to many a great idea, but still we live in a world which only too often resembles a community in which the laws of the jungle are stronger than the laws of justice."

"So it is left to the chosen representatives of the people and the government responsible to them to prevent the misuse of power and influence. It can do so without interfering with freedom, if it plans in time and acts in time."

"Parliament and government determine the road economic policy is to travel. They decide in fact whether there will be inflation or not. They are in a position to collect all facts and to plan ahead. They have the means of influence and to interfere. They can—

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## Minimum Deposit Parley With Agents Jan. 5

NEW YORK—The New York department will hold a conference Jan. 5 at the department's New York City office with representatives of producer's organizations with a view to curbing alleged abuses in connection with the minimum deposit plan of writing life insurance. It will be along the lines of the one held by the department for company representatives Dec. 5.

Superintendent Wikler arranged with Spencer L. McCarty, Provident Mutual, Albany, managing director of New York State Assn. of Life Underwriters, to get together a group that would be representative of the various viewpoints among producers organizations.

## AT NEW ORLEANS

## NAIC Shelves Most Large Items On Midyear Agenda; Analyzes Insurer Promotional Aspects

By JOHN C. BURRIDGE

NEW ORLEANS—National Assn. of Insurance Commissioners had a nice crowd on hand for its Christmas eve convention here. This being the semi-annual meeting, and about a third of the membership suddenly unemployed as a result of the November elections, it apparently seemed best to most to excuse themselves from taking action on anything for another six months. Nevertheless, the program called for meetings of one kind or another from 9 a.m. Monday to 4 p.m. Thursday, and any conscientious registrant could engage himself in official NAIC proceedings all day long for four consecutive days. Not many took advantage of this opportunity.

Although nothing definite came of the meeting, the subcommittee on organization ownership and certification of insurance companies did reflect the concern of the commissioners over the promotional aspects of some insurers.

## N. Y. MANAGERS' SPEAKER

## Foreign Aid Vital To U.S. Economy, Says Lewis W. Douglas

NEW YORK—Foreign aid must be continued, to protect the United States'



Lewis W. Douglas

own national economic interest, entirely aside from any political, military or social questions involved, said Chairman Lewis W. Douglas of Mutual Life, in his talk at the annual dinner of New York City Life Managers Assn. Mr. Douglas, who was formerly U.S. ambassador to Great Britain and director of the U.S. budget, said the very large surplus in this country's balance of international payments may otherwise cause a foreign exchange crisis that can at some time produce a serious economic disturbance in the United States.

Instead of calling such a program "foreign aid," he said, it should be called a device to preserve stability in international exchange rates.

Mr. Douglas said the present lack of equilibrium in the balance of foreign payments is strikingly similar to the situation in the years preceding 1931. In that latter year, he said, Britain had to discontinue gold payments. "International monetary machinery fell in ruins, and the depression, within the next six months, was

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Parker of Virginia presided and reported the subcommittee has held two meetings without arriving at any concrete suggestions as to how to change or enact laws to keep out undesirable companies.

Two recent developments, Mr. Parker noted, have been the declaration by Combs of Arkansas that he has enough life companies for the present and no new domestic ones will be allowed to organize for a time, and the survey of the Illinois department of state laws on admissions, a resume of which has been distributed to all commissioners. All states, the survey shows, have some laws on the books which commissioners can use to control companies of a promotional character.

## Illinois Has Its Problems

James Ross of Illinois said there are a good many problems in his state. For example a holding company will be organized and in turn it will organize a life company holding 51% of the stock, but the life company will claim as an asset all of the stock of the holding company. Or a company will sell stock for \$5, and as soon as the sale is completed will ask for an increase in authorized capital and sell the new stock at \$7.50, telling the original stockholders the value has increased 50% when actually, Mr. Ross commented, the value is purely fictitious.

Asked about waiting periods before admission—requirements that companies be in business for a given time before another state will admit them, Mr. Parker read from the Illinois survey to note that 22 states have such laws; 21 have no regulation on this score, and 5 have something in between.

Ross Duncan of Alaska said that

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## Talk Alone Won't Avert Inflation Disaster: Wilde

Outlook Alarming Even To Optimists, He Warns In LIA Presidential Address

NEW YORK—The challenge of inflation "is not one that we can continue to talk about and not do something about," President Frazer B. Wilde of Connecticut General Life warned in his presidential address at the annual meeting here of Life Insurance Assn.

The authenticity of Mr. Wilde's grim picture of the inflation outlook was reinforced for his listeners by the knowledge that he is a director of the Committee for Economic Development and chairman of the National Commission on Money and Credit.

Although the general price level is not rising, the present situation is a paradox: a superficially peaceful scene filled with threats, Mr. Wilde said. Among these he listed:

—Russia, "which always seems to come up with something new just when we begin to hope for a period of relative relaxation."

## Costly Public Services Sought

—Introduction of legislative bills to enlarge or add public services, all of which must cost money.

—Strong evidence that every organized group in the country is urging its leaders to produce a wage increase. Even among existing contracts there are many cases of reopening clauses and wage rates being negotiated.

"If this situation is added up even on a reasonably optimistic basis, the outlook for inflation is quite alarming," he declared. "Inflation involves a radical, unfair and dangerous redis-

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**TAKES HELM**—Clarence J. Myers, president of New York Life, receives gavel on his election as president of Life Insurance Assn. of America from Frazer B. Wilde, retiring association president and president of Connecticut General, at LIA's annual meeting in New York.

## Jack A. Duce Named Editor Of Agent's Service Of D. L. B.

Jack A. Duce has been appointed editor of the Diamond Life Bulletins



Jack A. Duce

Agent's Service, published by the National Underwriter Co. He succeeds H. E. St. Clair, who resigned Nov. 30 to become assistant secretary of the reinsurance department of Lincoln National Life. Mr. Duce joined the National Underwriter Co. in June, 1957, and for the last 18 months has been working on all sections of the D.L.B. Agent's Service as well as assisting in revisions of certain publications and familiarizing himself with the life sundry publications issued by the D.L.B. department. In addition to being editor of the Agent's Service, he will work closely with H. P. Graven-gaard, executive editor of the Diamond Life Bulletins department, in the continual development and exploitation of new life sundry publications.

Before joining the company, Mr. Duce was an agent for three years with American National in Texas. He received the CLU designation at the conferment exercises this year at Dallas. He also has a master's degree in business administration and attended the Southern Methodist University insurance marketing course.

## N.Y. Supervisors Put On Christmas Party

NEW YORK—Nearly 200 members of the New York City Life Supervisors Assn. attended the annual Christmas party and dinner. Murray Waldman, Security Mutual of New York, association president, introduced the head-table guests and presented to the immediate past president, Edward J. Curtin, Prudential, a plaque in appreciation of his services. A program of entertainment followed.

The next meeting will be a luncheon at the Brass Rail restaurant, Park avenue and 40th street, Jan. 13.

Charles W. Hoover, agency superintendent John Hancock, and Oliver M. Wilhelm, agency superintendent Phoenix Mutual, discussed "Markets for Men and Markets for Life Insurance" at the November meeting of San Francisco General Agents & Managers Assn.

Gov. Meyner of New Jersey (left) with President H. Bruce Palmer of Mutual Benefit Life, chairman of the program committee of Life Insurance Assn. of America, at the annual meeting of LIA in New York City. Gov. Meyner was the luncheon speaker the first day of the meeting.



## U.S. Companies' Assets Up \$5.9 Billion For \$107.2 Billion Year-End Estimate

Assets of all United States life companies showed a net increase of \$5.9 billion in 1958 to a total estimated at \$107.2 billion at the year-end, James J. O'Leary, director of economic research of Life Insurance Assn. of America, reported to the association's annual meeting in New York City. Investments in the private sector of the economy represented 90% of these assets, he stated, the highest such proportion since 1932.

### Asks For More Savings

Mr. O'Leary coupled his report on the progress of the life insurance business during the year with a plea for increased saving in the country to meet the nation's growing need for capital and investment funds and to help contain the inflationary forces in the economy. In this connection he stated:

"Throughout much of the post-war period the supply of savings has been too small to satisfy the enormous demand for capital to finance industrial expansion, housing, state and local government improvements, federal financing requirements, foreign economic assistance, and other demands. Much of the inflation we have experienced in the past decade is directly

traceable to the fact that an increase in the money supply has often been used to fill the gap between savings and the demand for capital.

"Economic growth is, of course, essential to the kind of world we live in. But if economic growth is to be sound—if it is to be attained without ruinous inflation—it must be financed out of saving. The paramount economic problem facing this country today is how to raise the rate of national saving."

Discussing the country's economic future, Mr. O'Leary said the prospects were excellent for a continued steady improvement in general business activity in 1959. He likewise foresaw continued pressures on the supply of capital funds available, with the likelihood that interest rates generally will be firm and will tend to rise somewhat next year.

### Analyzes Business Outlook

In his analysis of the business outlook, Mr. O'Leary stated:

"There are reasons for believing that further recovery will be 'low pressure' rather than spectacular in nature. The most important of these is the large productive capacity built in the 1955-57 boom which for the time being re-

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## Insurance Teachers Complete Program For Annual Parley

The complete agenda of the annual meeting of American Assn. of University Teachers of Insurance at the LaSalle Hotel, Chicago, Dec. 28-29, has been announced by J. E. Hedges, Indiana University, program chairman.

Events and speakers are as follows: Sunday morning, CLU-CPCU breakfast and social hour; "The Insurance Curriculum in College and University Education for Business," Robert A. Hedges, University of Illinois; "Functions and Goals of Business Education and Schools of Business," A. M. Weimer, Indiana University; "What Are the Unique 'Principles' of Insurance?" Ralph H. Blanchard, Columbia University (retired); discussion, Joseph F. Trosper, Southern Methodist, and Irving Pfeffer, UCLA.

Sunday luncheon, "Inflation and Life Insurance," F. J. McDiarmid, Lincoln National Life.

Sunday afternoon, "The Insurance Curriculum in College and University Education for Business," Harold C.

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## Minimum Deposit Advisory Committee Named By LIA-ALC

NEW YORK—Life Insurance Assn. of America and American Life Convention have appointed an eight-



Valentine Howell

man committee, headed by Valentine Howell, executive vice-president of Prudential, in response to the request of insurance superintendent Wikler of New York for an industry advisory committee to suggest methods of dealing with reported abuses in connection with the sale of high-early-cash-value policies in connection with minimum deposit plans.

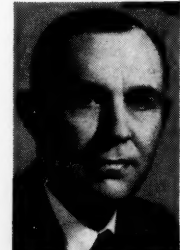
It was earlier proposed to have the matter handled by a subcommittee of the joint LIA-ALC legislative committee, but it was finally decided to add two members and make it a separate committee.

Besides Mr. Howell, the committee includes Robert E. Dineen, vice-president of Northwestern Mutual; John A. Henry, vice-president, secretary and general counsel of Continental Assurance; Benjamin L. Holland, president of Phoenix Mutual; Life John A. Lloyd, president of Union Central Life; John J. McGovern Jr., vice-president and counsel of Mutual Benefit Life; Charles H. Schaaff, executive vice-president of Massachusetts Mutual Life, and William P. Worthington, president of Home Life of New York.

Great Northwest Life reported sales of nearly \$4 million for November, a company record.

## Albert Wohlgemuth Retiring As Head Of Rough Notes Co.

Albert J. Wohlgemuth, active head of the Rough Notes Co., Indianapolis,



insurance publisher, for the past years and president for the past 20, has announced his retirement effective Dec. 31.

The Rough Notes Co. was founded in 1878 by Dr. Henry C. Martin, and became one of the leading insurance publishing houses and headquarters for insurance office systems and supplies. Dr. Martin died in 1916 at the age of 84, and during the last year of his life the company failed greatly.

Following his death, the Rough Notes Co. was purchased early in 1920 by E. Jay Wohlgemuth, founder of the National Underwriter Co., and his brother, Albert J. Wohlgemuth, took over as general manager. Albert Wohlgemuth had graduated from the University of Michigan in 1911 and had been with the National Underwriter Co. in Cincinnati, New York and Chicago since his graduation.

Rough Notes was a well-known insurance newspaper, covering all lines of the business. The first step under the new management was to convert it into two educational monthly insur-

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## Union Sells Its Stock In California Life

Laundry, Dry Cleaning & Dry House Workers International Union has sold its 92% holdings in California Life. According to Ralph T. Fagan, Chicago, union president, the stock has been purchased by Bernard N. Nemerov of Minneapolis for \$1,225,000. Some 56,000 persons have been covered in the union's health-welfare plan. The union's parent body—AFL-CIO—had expelled it on corruption charges about a year ago and it was suggested by the parent body's leaders that the union remove itself from the insurance business, according to the daily press.

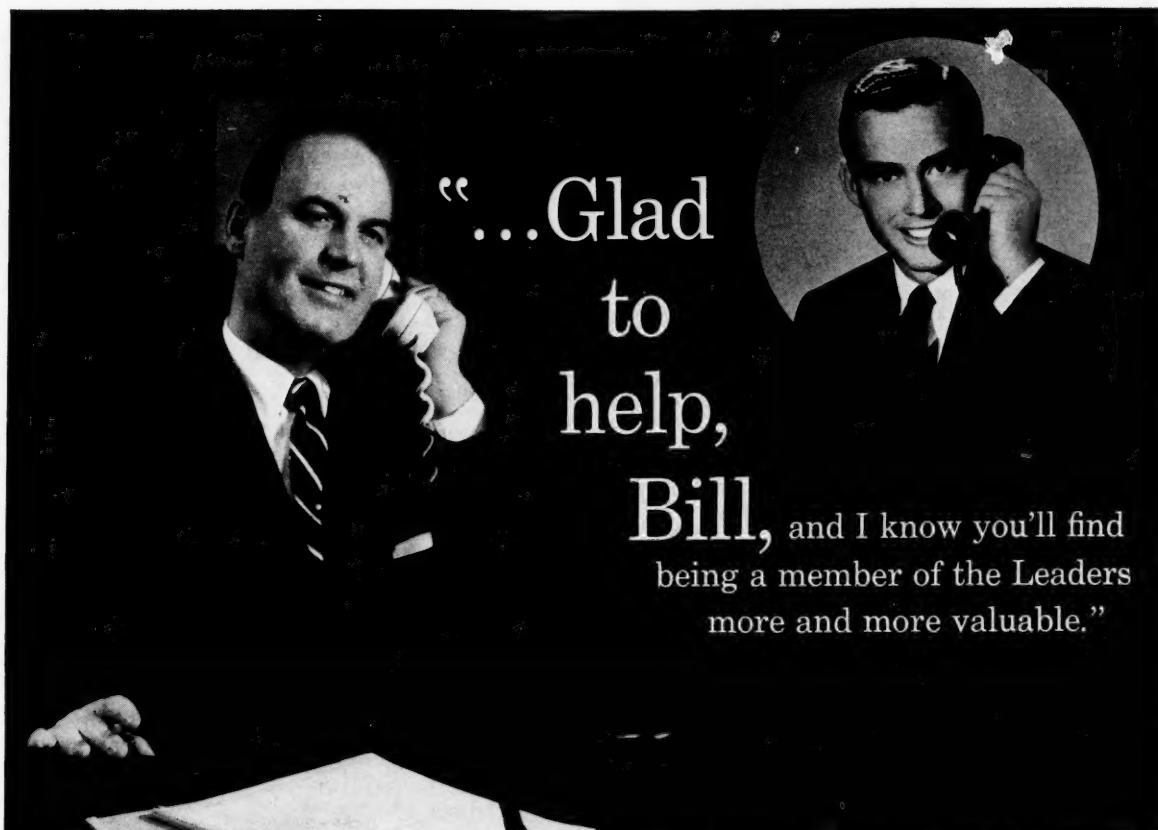
## Blue Shield Plans Endorse AMA Low Rate Coverage Proposal For Over Age 65

Blue Shield medical care plans will implement the recent proposal of American Medical Assn., which calls for development of medical care coverage at lower premium rates for senior citizens, according to a statement by Dr. Donald Stubbs, chairman of Blue Shield plans.

The AMA proposal calls for a program under which physicians would accept a level of fees related to the modest income of persons over age 65.

Dr. Stubbs said that each of the Blue Shield plans in the country will be asked to go to work immediately with local medical groups to draft benefit schedules and rates for coverage that local doctors feel will be necessary to meet the needs of those over 65.





At desk: Thomas E. Burke, President of Leaders Association 1958. Member each year 1951-59.  
Inset: William E. Choate, Qualifying Member of Leaders Association 1958 and Rookie of the Year.

**"That's Bill Choate I've been talking with —**  
a New England Life agent in the Los Angeles area. Bill's been selling less than two years but is already doing a wonderful job. Wrote a million his first year . . . and made our Leaders Association in 1958.

"Bill phoned about some information I sent him on a case of mine that paralleled one he was trying to close. Happily he had just closed it and wanted to say thanks for the help. He'll find, as I have over the past eight years, that helpfulness is a habit with this organization.

"It is the spirit of cooperation that lends distinction to New England Life's Leaders Association. Having met the high qualifications for membership, a new leader can rightly feel he's arrived. And he'll

have lots of incentive to maintain his membership. He gets a chance to 'pick the brains' of the most successful writers in the company. Leaders swap ideas whenever they're together . . . and keep in touch by mail and phone the rest of the time. Much profitable information is thus made available exclusively to members by members.

"New England Life looks to its Leaders as a source of constructive ideas. All members are asked for suggestions which are sifted through our Executive Committee for evaluation. The best go to management and frequently become part of company policy.

"We do our best to give newer members like Bill Choate all the encouragement and assistance they can use. Because the only thing more rewarding than making Leaders is to remain a Leader."

**How did our 555 members qualify  
for The Leaders Association?**

The Constitution states, in essence: An agent shall become a Qualifying Member when he has received in a single calendar year (a) \$7,500 in first-year commissions on policies written by him on at least ten lives, or (b) \$6,000 in first-year commissions on such policies plus a volume credit of at least \$500,000, 70% of which must be permanent.

**NEW ENGLAND**

*Mutual* **LIFE** Insurance Company  
BOSTON, MASSACHUSETTS

THE COMPANY THAT FOUNDED MUTUAL  
LIFE INSURANCE IN AMERICA • 1838

## Lucas Of K.C. Life Loaned To ALC On Interim Basis

**WASHINGTON**—Ray B. Lucas, counsel of Kansas City Life, will go to the American Life Convention's Washington office on a temporary "loan" basis, Feb. 1. The purpose is to give ALC more time to find a permanent successor to W. Lee Shield, associate general counsel at the Washington office, who on March 1



Ray B. Lucas

will go to Union Central Life as vice-president.

Mr. Lucas is a former chairman of the legal section of ALC. He has been counsel of Kansas City Life since 1941. He was Missouri insurance superintendent 1939-41, and before that was a justice of the state supreme court.

### Drive Nets \$43.4 Million

The recently completed policyowner service sales campaign of General American Life resulted in new submitted equivalent volume of \$43,481,852, including \$29,278,023 in life, \$12,608,276 in group, and \$1,595,553 in A&S. The campaign also scored 835 conversions of direct monthly and quarterly business to the pre-authorized check plan and 1,088 sales resulting from calls made on present policyowners.



**Ralph G. Engelsman**, life insurance sales consultant, co-editor of *Probe* and former general agent of Penn Mutual at New York, receives plaque honoring his 40 years of distinguished service to the life insurance profession and to Federation of Jewish Philanthropies. **Samuel D. Rosan**, Continental Assurance, chairman of the federation's life insurance division campaign, makes the presentation at the division's annual luncheon.

## Fidelity Bankers Life Offers 81,838 Shares For Public Sale

Fidelity Bankers Life is offering for public sale 81,838 shares of \$1 par value common stock at \$7 per share. The offering is the unsold portion of 300,000 shares offered at \$7 a share on a best efforts basis last July 31.

**Bankers Life of Des Moines** new issued and paid-for November business totaled \$34,765,065, an increase of more than \$2 million over the same month last year.

## Trust Officer Tells N.Y. CLUs To Plan Their Own Estates

**NEW YORK**—Operating under the assumption that it is often “the shoe-maker whose children go barefoot,” James C. Waide, trust officer of Long Island Trust Co., Garden City, speaking before the luncheon meeting of New York City chapter of American Society of CLU, gave the CLUs a run-down on the benefits to them and their beneficiaries to be found in various trust arrangements.

Mr. Waide's talk followed on the program the presentation of a plaque to Bernard M. Eiber, New York lawyer and immediate past president of the chapter. Margaret Carlsen of Equitable Society, president of the chapter, made the presentation to Mr. Eiber, who is also a former partner in the Brooklyn agency of Mutual Trust Life, in recognition of his contribution to the CLU movement.

## No Absolute Rule On Trusts

In his discussion, Mr. Waide pointed out that there was no absolute rule covering the use of trusts. Since an estate, measured in terms of insurance benefits, is in a fixed dollar amount, there should always be the consideration in the agent's mind as to what his estate will be worth, say, 10 years from today.

If there is a decline in the national economy, and his estate consists entirely of insurance benefits, then his beneficiary is in good shape. At the other extreme, if his estate is in a trust, with no right of invasion by the beneficiary, and the economy is on the rise, then the agent's beneficiary is in real trouble. Mr. Waide said.

Hence, Mr. Waide noted, there can be no set rule about trust aspects of estate planning for the agent. He did, however, show how the agents could utilize the trust feature to avoid unusual shrinkage in their estates through estate taxes.

## \$20,000 In It For Hard

## Worker, Mich. Agents Hear

Life agents willing to work long hours can earn \$20,000 or more yearly, Prof. Carl Strong of Michigan State University told 50 agents at East Lansing attending a life sales institute sponsored by Michigan Life Agency Management Assn. Prof. Strong serves as coordinator for many insurance-connected short courses at M.S.U.

"It isn't everybody who can work for himself," he said, "but if he can and is willing to put in long hours, there is \$20,000 a year in it for him."

He listed as requisites for successful careers in life insurance sales, thorough learning of the business, willingness to work and job stamina. "You must like people and have a pleasant personality," he added.

## Film, Role Playing Help Agents Lick Prospect Resistance

"I'm set on insurance. Leave card and if anything comes up I'll be in touch." "You're wasting your time and mine. I'm not in the market." "I need any insurance, I'll buy through my present agent."

How these excuses and their less variations are answered by agent represents the difference between a productive sales interview and a nonproductive one. At all New York Life's new training slide film "Selling the Interview," which includes role playing scenes for agent participation, has been produced with the purpose of helping develop an agent's ability to handle common objections and move right into his sales presentation.

A training session utilizing the slide film begins with a training leader briefing agents on the problems of selling the interview and setting the stage for the pattern of the rest of the meeting.

## Objections Fired

The first part of the slide presentation consists of a simple outline of principles and a demonstration of their application by an agent. The prospect then fires three objections to continuing the interview and the agent returns three acceptable answers. After the agent sells the interview, the slide is turned off and a discussion period begins.

In the second phase of the meeting there is a group discussion of sales principles and how the agent applied them in the slide film. The training group is encouraged to give other examples of answers. Then the meeting leader prepares the group for role playing scenes which follow.

In this final part of the meeting the prospect returns to the screen and fires six objections to the interviewee in the group—the same three answered in the original demonstration and three more surprise objections—each with a 60 second pause in between. After each objection is posed, an agent at the meeting is selected to provide an on-the-spot answer. The agent must reply within the allotted 60 seconds, since the prospect comes back with his next objection and another agent in the training group is selected to reply.

Because the pause between fired objections is very short in duration there is seldom time at this point to evaluate agents' answers. However, an office tape recorder is kept playing throughout the training session, it can be played back for constructive evaluation when the role playing session comes to a close.

New life paid for during November by **Equitable Life of Iowa** amounted to \$12,035,465, a gain of 8.8% over the corresponding month in 1957.

## REINSURANCE

## EMPLOYERS SERVICE

**follows you into every State in the Union and adds to your experience our own—accumulated through the four decades we have reinsured A & S lines.**

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**NEW YORK**  
107 William St.

**CHICAGO**  
175 W. Jackson

**SAN FRANCISCO**  
100 Bush St.

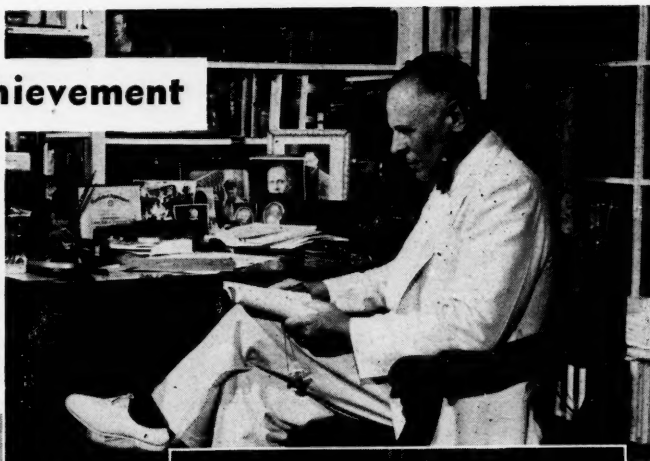


New building erected in Park Ridge, Ill., by John N. Metropulos, general agent All American L. & C., giving tangible evidence of the almost overnight success the selling of an intangible—life and A&H—can produce. Mr. Metropulos started with the company from "scratch" in 1953 and now has an agency of 45 men which expects to produce more than \$18 million of combined business in 1958.



## An Underwriter of International Achievement

Few have known the excitement, drama and accomplishment which have filled the life of Colonel W. Bruce Pirnie, USAF, Retired — whose military duties in World War II won him fame in China, Burma, India, Africa. For contributions to the Chinese Army he was awarded the Bronze Star Medal by General Albert C. Wedemeyer, and for services in the Belgian Congo he was decorated by the Prince Regent of Belgium. A determined opponent of Communism, he returned to China following the war to devise an exhaustive study of the economic problems confronting the provincial governments of Kwantung, Kwangsi, Hupeh and Hunan. Today, as Special Agent of The Union Central Life Insurance Company in Boston, Colonel Pirnie is a leading estate analyst, a perennial million dollar producer and recipient of every significant honor his Company and profession can bestow.

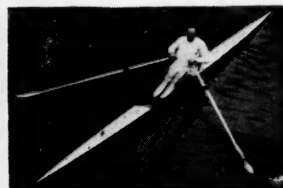


Colonel and Mrs. Pirnie have many nostalgic moments in the library of their estate, "Overledge," which surrounds them with reminders of the Colonel's illustrious trips throughout the world.

Bruce Pirnie discusses civic improvements with James Wycoff of Merchants National Bank of Boston. Affiliations include chairmanship of New England Steering Committee of The Committee for One Million Against Admission of Communist China to the UN, Boston Director of Citizens Foreign Relations Committee.



Mr. Pirnie reviews Executive Group Insurance Plans with Joseph Perini, Treasurer, Milwaukee Braves and The Perini Corp., one of the nation's largest contractors.



Member of the Harvard crew during undergraduate days, Bruce Pirnie still rows every morning on the Charles River. "A sound physical condition," he says, "is vital in a work schedule as busy and active as mine."



"Overledge," the gracious and extensive Pirnie estate located in Manchester-by-the-Sea, Massachusetts.



English translation of the Chinese caption reads "2 October 1945. Tai Nam Road Headquarters 2nd Area Command, Canton, China. All members of the Staff 2nd Area Command, Chinese S.O.S. took this photo as a memory of farewell in honor of Deputy Commanding General Pirnie who is leaving for the United States." During World War II, Colonel Pirnie was assigned to the Chinese Army, acting with rank of Major General.

**THE UNION CENTRAL LIFE INSURANCE COMPANY • CINCINNATI**  
Security for the American Family since 1867

## Defines Supervisors' Role In Recruiting Brokers And Agents

Successful and continued recruiting is the first important rung up the ladder of an agency's success. Keeping the morale of recruits high is the second, and the role of the supervisor in both phases of agency development was the subject of the discussion before a meeting of New York Life Supervisors Assn. by Julian H. Sum-

mer, brokerage supervisor of Guardian Life, who covered broker recruiting, and Paul Goodman, vice-president and assistant manager of the Knight agency of Union Central Life, who dealt with aspects of agent recruiting.

Mr. Summer explained that there were three types of brokers and each had to be recruited differently. There is, for example, the broker who does not write any life business, a man who is already successful in general insurance and who wants to leave life coverage to the life agent.

Mr. Summer said that he handles

this type of broker by showing him how he can do a wonderful job for his clients when he offers a complete service.

Then, there is the broker who occasionally stumbles across a life case, is interested in more commissions through life business, but never seems to get around to it.

He usually has a small or modest amount of life coverage on himself. A supervisor who can map out a program for such a broker in some instances can be successful in selling

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## Myers Urges Law As Help In Fight Against Inflation

An explicit statement of national policy written into law supporting a stable dollar would help to control inflation, Clarence J. Myers, president of New York Life, told the Atlanta Rotary Club in a "Georgia day" address.

Mr. Myers said that while he believed the air of confidence about business today is well founded, "we should not be beguiled into complacency by currently rising business indices. Even though business conditions are improving, we should not lose sight of the continuing problem of inflation."

Mr. Myers who visited Atlanta to participate in a day-long program saluting New York Life's agency force in the state, called upon his audience as responsible, civic-minded leaders to "alert the community to the dangers of inflation, to discourage at every opportunity the superstition that it is inevitable, and to set a good example by supporting sound measures to curb it."

### Law Would Be Reminder

He said that the enactment of a national law "would serve to remind the American people of the urgency of controlling inflation and once they are aware of this urgency, I am convinced that they will do something about it."

He said a precedent existed in the employment act passed in 1946 by Congress to encourage high levels of employment, production and purchasing power.

Mr. Myers said he was interested in the problem of inflation as a life insurance man whose obligation is to "help safeguard the stability and security of the insurance dollar of policyowners and as a private citizen interested in a serious problem affecting the welfare of us all and that of generations to come. Technicalities aside, I believe it is time that we looked at the simple human aspects of inflation."

### Will Cope When Alert

He concluded: "I have great respect for expert and informed opinion. But I reserve my most profound respect for public opinion, for I know—and our history attests to it—that when the American people are once alert to a common danger, we can be thorough in coping with it. Our history shows that we are eminently capable of self-sacrifice when the welfare of the community is at stake. So I have no doubt that if the remedies for inflation, whatever they may be, should require sacrifices, they will be made."

### Career Advancement Discussed At Insurance Women's Yule Party

League of Life Insurance Women held its annual Christmas party at the Advertising Club in New York. Guest speaker was Mrs. Kathryn V. Fitzgerald, deputy commissioner of commerce and director of the women's program for New York state, who discussed career advancement for women. The title of Mrs. Fitzgerald's talk was "Woman Power."

Commissioner Donald Knowlton of New Hampshire has been authorized by Gov.-elect Wesley Powell to accept the chairmanship of the preservation of state regulation committee of National Assn. of Insurance Commissioners.

## Brokers Are Talking About

# Design for Tomorrow

—because it's the easiest way to sell life insurance!

Yes, brokers are talking about Great-West Life's "Design for Tomorrow" . . . a series of important changes in premiums, policies and dividends!

### HERE ARE A FEW THINGS THEY ARE TALKING ABOUT:

- 1 A TRUE QUANTITY DISCOUNT—The premium per \$1,000 decreases as the amount increases.
- 2 THREE SPECIAL POLICIES for business and taxation fields.
  - Preferred Whole Life Par (minimum \$10,000, ages 0-70).
  - Special Whole Life Non-Par (minimum \$10,000, ages 15-70).
  - Maximum Security Par (minimum \$10,000, ages 15-70; special dividend option on minimum of \$25,000). High, early cash values!

Rates on all three reduced even further by Quantity Discount factor.

- 3 REDUCED RATES FOR WOMEN—Preferential rates on two special par plans—same high cash value and dividends as paid to men!

- 4 TERM RATES further improved by Quantity Discount.

5 STREAMLINED ESTATE BUILDER — Great-West's popular Juvenile plan has been made even more attractive . . . in addition, a special option for girls makes the policy Two-Plans-in-One—minimum still \$1,000.

6 INCREASED DIVIDENDS—For the fourth time in five years your Great-West participating policyholders benefit in this vital area . . . and interest rate on dividend accumulations has been increased to 3.40%.

And in addition . . .

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**GREAT-WEST LIFE**  
ASSURANCE COMPANY  
HEAD OFFICE - WINNIPEG, CANADA



# AT KANSAS CITY LIFE THE AGENT IS KEY MAN



## M E M O

KANSAS CITY LIFE INSURANCE CO



BROADWAY AT ARMOUR • KANSAS CITY, MISSOURI

DEPT. E

from: W. E. Bixby, President  
to: C. W. Arnold, Vice-Pres. - Supt. of Agencies  
subject: AVERAGE-SIZE PREMIUM

Dear Buzz:

As we entered the present year of 1958 I again emphasized to our agency forces that Kansas City Life was not interested in entering any "volume race" that resulted in lower commissions to our agents. You know that I have long held the philosophy that the agency system is the backbone of our Company and, further, that the agent must receive adequate compensation for the agency system to continue to exist.

Therefore, it has been with gratitude that I have seen the increase in our average-size premium throughout this year, without this increase having an adverse affect on our volume, which is the result we were sure we could attain.

While we will always be "volume conscious", we will not be "volume crazy". The emphasis is to remain on premium rather than volume.

WEB:LB

*W. E. Bixby*

## U. S. Companies' Assets Up \$5.9 Billion

(CONTINUED FROM PAGE 2)

duces the need for capital spending by business and industry.

"What seems indicated is a steady rise of the gross national product to an annual rate of the order of \$470-475 billion by the fourth quarter of next year. Much of this improvement will be based on a shift from substantial business inventory liquidation in the recession to moderate inventory ac-

cumulation next year. In addition, consumer expenditures appear likely to increase somewhat, particularly for durable consumer goods. Likewise, further gradual increases should occur in other major components of GNP such as domestic, investment expenditures and federal, state and local expenditures.

"If business conditions next year

follow the pattern outlined above, it is clear that as the year goes on the slack of unemployed resources will be fully taken up and pressures of demand against the supply of goods and services will begin to be felt in prices. Perhaps more important, it is under conditions such as these that the wage-cost spiral comes into play. It now seems unlikely that strong inflationary pressures will develop, but the economy is apt to be vulnerable to an upward movement of prices that will dictate a more restrictive credit policy."

In his review of the year's growth in life insurance assets, O'Leary broke down the principal changes from 1957 as follows:

Mortgage loans, up approximately \$1.8 billion to \$37 billion, representing 34.5% of all life company assets. Residential loans account for an estimated 70% of these mortgage holdings. Federal and VA loans combined were placed at just under \$15 billion.

### Industrial, Miscellaneous Up 22%

Industrial and miscellaneous bonds up \$1.7 billion during the year to a total of \$23.4 billion, or just under 22% of all life company assets.

Public utility bonds, up \$750 million to a total of \$16 billion, or approximately 15% of assets.

Total government bonds up more than \$200 million to \$10 3/4 billion, or 10% of all assets. Of this total, state, county and municipal bonds increased by more than \$300 million during the year to a total of \$2.7 billion, while holdings of U.S. government bonds were down \$100 million to \$6.9 billion.

Railroad bonds \$3.9 billion, virtually the same as the year before and representing 3.6% of assets.

### Preferred, Common Up 3.7%

Preferred and common stocks, up nearly \$600 million to a total of \$4 billion, representing 3.7% of all assets. Somewhere around three-fourths of the increase in stock holdings was attributed to the rise in the market value of common stocks during the year. The estimate for life company stock holdings was based on the level of prices prevailing at the end of September.

All other assets showed an increase of about \$900 million during the year to an estimated \$12 3/4 billion, equivalent to 11.4% of all assets. Included in this group are real estate holdings, policy loans and premium notes, and cash and other assets.

Mr. O'Leary estimated net investment earnings of all United States life companies in 1958 at approximately \$3.9 billion, an increase of \$300 million. The net rate of investment earnings before taxes will approximate 3.85%, he said, as compared with 3.75% last year.

The report listed a new study project under the investment research program on the valuation of securities held by life companies. It is being conducted by the school of commerce of University of Wisconsin.

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makes a difference...*

**We believe that a  
good agent deserves  
the advantage of an  
exclusive contract.**

**N**O ONE but a Northwestern Mutual agent can write Northwestern Mutual business. This type of exclusive contract is unusual in the life insurance business.

There are obvious benefits for the agent in such an arrangement. Foremost among them is the assurance that Northwestern Mutual protects its own agents. Only Northwestern Mutual agents can sell, offer or deliver Northwestern Mutual policies.

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**Insures**

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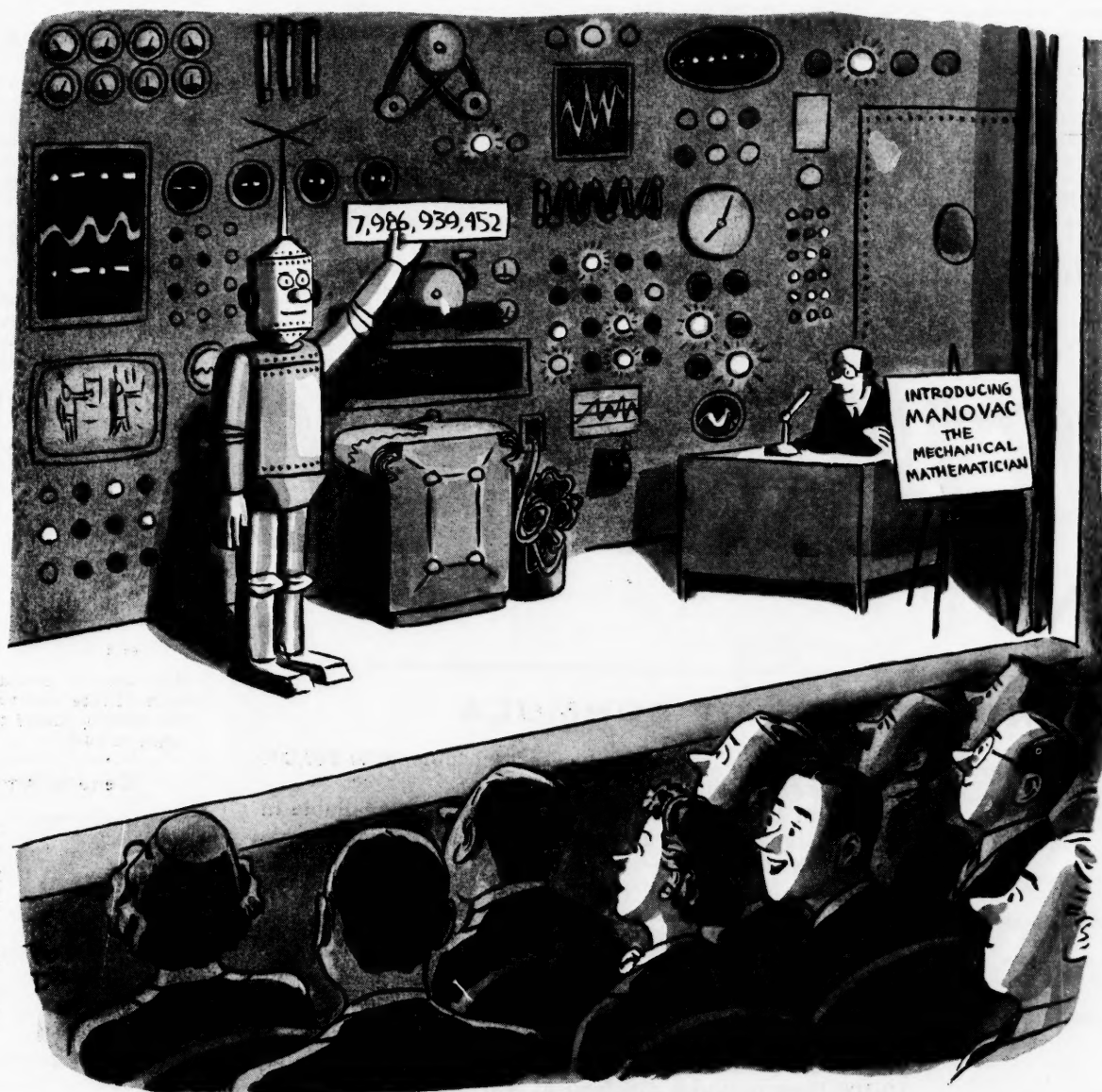
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President

L. J. BAYLEY  
Secretary

HOME OFFICE—SYRACUSE, N. Y.





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you ought to talk to my Provident Mutual man!"*

Provident Mutual actively encourages and assists its Career Agents to complete L.U.T.C. and C.L.U. courses. Provident Mutual also offers a continuing program of Company schools and seminars ranging from basics right up to supervisory and management levels; comprehensive field and Home Office training; the counsel of advanced un-

derwriting specialists; the facilities of a specialized Personal Planning Service.

In these and many other ways, Provident Mutual helps make the Career Agent a man whose value to his customers, to his Company—and to himself—is constantly "on the grow."

## Provident Mutual

Life Insurance Company of Philadelphia

## Changes In The Field

### Sun Life Of Canada

Appointed managers are: A. A. Ingalls at Newark, succeeding the late B. R. Wright. Mr. Ingalls joined Sun Life in Middlebury, Vt., in 1949. He has been manager at Burlington, Vt., and New Haven and assistant superintendent of agencies at the home office.

Harry Mitkus at the newly created Newark-Essex branch. He joined Sun Life at Newark in 1954 and became unit supervisor in 1956.

J. D. McLean at the new Paterson branch. He has been with the company since 1953 and was named unit supervisor at Willimantic, Conn., in 1957.

Also named managers in Canada are W. H. Ross at the Edmonton

Jasper branch; J. T. Gray at the Toronto Scarborough branch, and L. J. Brennan and R. M. Beaton at the new Chicoutimi and Sydney branches, respectively.

Also appointed manager is S. T. Wilson at the New Westminster, B. C., branch.

### Lincoln National Life

Pat McGeorge has been named supervisor in the E. M. Ussery agency, which represents Lincoln National in

Columbia, S. C. Mr. McGeorge has eight years experience in life insurance selling. In addition to service as special agent, he also has been district manager and state production manager (industrial and ordinary) for his company. He is vice-president of Columbia Life Underwriters Assn.

### American National



Layton E. Baldwin

with the company since 1939, and Mr.

Ordinary life operations have been reorganized into eight territories with the addition of three divisions. Directors of the new divisions are Layton E. Baldwin, northwestern, Fred Hill, northeastern, and W. T. Spencer, north central. Mr. Baldwin has been



Fred E. Hill



W. T. Spencer

Hill, who is president of Maryland Assn. of Life Underwriters, since 1940. Mr. Spencer joined the company as an agent in 1945.

### General American Life



George Fletcher

George H. Fletcher has been appointed a general agent in the St. Louis Agencies at 1501 Locust street. Mr. Fletcher was formerly in St. Louis for four years with Prudential, specializing in estate planning and business insurance.

### Prudential

Gordon E. Long and Charles Gounaud, training consultants, have been promoted to district managers at Milwaukee and San Bruno, Cal., respectively. Mr. Long joined the company as an agent at Tampa, Fla., in 1947 and became a training consultant last year. Mr. Gounaud joined Prudential in 1952 as an agent at Fresno and also became a training consultant last year.

### Commonwealth Life

In a series of district management changes Commonwealth Life has transferred W. E. Tucker, district manager at Evansville, to a similar position at Muncie, Ind., and W. T. Bolyard, district manager at Indianapolis, will replace Mr. Tucker at Evansville. E. B. Roberts, former district manager at Muncie, goes to a like post at Indianapolis.

### CONFIDENTIAL NEGOTIATIONS FOR SALE OF INSURANCE COMPANIES

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*A special group life insurance plan  
for firms with 10 or more employees...*

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## OUTSTANDING BENEFIT FORMULA

Each employee is insured for 1½ times income up to \$40,000—state laws permitting.

Accidental Death & Dismemberment benefits available in equally large amounts. 24-hour coverage for non-hazardous groups.

## LOW NET COST

Standardized benefit formula, high average amounts, large over-all volume of issue—all permit efficient handling to yield excellent results through dividend formula. Scale for 10-100 lives provides dividend at end of each policy year STARTING WITH THE FIRST!

## LIBERALIZED HEALTH REQUIREMENTS

*For groups with 10-24 employees:*

No evidence of insurability required for employees earning less than \$10,000 annually. Simple, short, medical history form for those earning \$10,000 or more.

*For groups with 25-99 employees:*

**NO EVIDENCE OF INSURABILITY REQUIRED!**



**PHOENIX MUTUAL LIFE  
INSURANCE COMPANY**  
OF HARTFORD, CONNECTICUT  
Organized in 1851



## IA Resolution Calls For More Health Coverage For Aged

NEW YORK—Health Insurance Assn., in a special meeting of member companies called by Travis T. Wallace, association president and president of Great American Reserve, has approved a resolution which sets forth principles designed to promote more rapid expansion of hospital, medical and surgical coverage among people age 65 and over.

Directing itself primarily to the health care needs of older citizens, the resolution also emphasizes the necessity for continued development of programs offering more adequate health coverage for retired workers and persons with impaired health.

### Voluntary Coverage

Discussing the resolution, Mr. Wallace estimated that 40% of all Americans 65 years of age and over now carry some form of voluntary coverage. The aim of the resolution, however, is to implement expansion of such coverage and Mr. Wallace noted that insurers in increasing numbers are issuing health coverage which is guaranteed renewable for life at age 65; some accept new applicants to age 75 and above and one company has a plan for those 65 and over which does not require evidence of insurability and covers pre-existing conditions after the contract has been in force six months or more.

Principal features of the resolution are: insurers offering individual and family coverage under contracts renewable at the option of the insurer should continue and accelerate their progress in minimizing refusal of renewal solely because of health deterioration after issuance; they should promptly make available to insurable adults policies which are guaranteed renewable for life; they should encourage the sale of permanent coverage where the need for this type exists and those insurers offering individual and family hospital, surgical and medical coverage should promptly take steps, if they are not presently doing so, to offer coverage to persons now over age 65.

### Coverage After Retirement

Insurers writing group health, the resolution continues, should develop and aggressively promote soundly financed coverages that will continue after retirement and should encourage the inclusion in their contracts of the right to convert to an individual contract on termination of employment.

Pointing to the growth of voluntary health coverage, Mr. Wallace noted that in 1940, 3.5 million Americans had some sort of voluntary health protection and that in 1958 the number had grown to 72 million. "At the same time, however," Mr. Wallace said, "we must meet continually the challenge of improving existing forms of coverage and developing newer insurance programs in order to keep pace with the modern techniques of medical care and to keep our benefits in line with today's costs. This, too, is our responsibility."

Aid Association for Lutherans has granted \$1,000 toward the establishment of a Lutheran student center at Bowling Green State University, Bowling Green, O. A similar grant was made recently to the Lutheran student center at Columbia, Mo., to serve students of University of Missouri, Stephens College, and Christian College there.



**NEW INSTITUTE CHAIRMAN—**Howard Holderness, (left) president of Jefferson Standard Life, receives the gavel on his election as chairman of Institute of Life Insurance from the retiring chairman, O. Kelley Anderson, president New England Life, at the institute's annual meeting in New York.

Republic National Life has been licensed in California.

## How Washington State Agents Won Tax Exemption Fight

In a previous issue THE NATIONAL UNDERWRITER briefly reported the story of Washington Life Underwriters Assn.'s winning fight during the last election campaign to smash an attempted removal of the \$40,000 state inheritance tax exemption on life insurance benefits. Eugene Ballantyne, general agent of Bankers Life of Nebraska, in a report to Lester O. Schriver, managing director of National Assn. of Life Underwriters, details the agents' victory and how in a statewide referendum on the ballot Nov. 4 a proposed law which would have removed the exemption was beaten down by a margin of 14 to 1.

"In March of 1957 our state legislature voted to remove the \$40,000 exemption," Mr. Ballantyne reported. "In order to stop this legislation from becoming law, the life underwriters in the state of Washington circulated petitions that got 167,000 signatures in

a short six weeks in order to put this matter on the ballot."

Then, in the pre-election campaign, 1,500 members of the association waged an aggressive campaign, working with other interested groups which included bankers, trust officers, attorneys, accountants, professional and labor unions.

### Referendum Defeated

When the election returns were in the referendum went down to defeat 731,733 votes to 59,659. Mr. Ballantyne said in his report, "This campaign showed that an organized group of life insurance people can be one of the most potent political forces in any community or state."

Looking at the campaign from a broader viewpoint, Mr. Ballantyne wrote, "We believe here in Washington that the defeat of this measure will have nationwide effect. Particularly will it have effect relative to other states desiring to tax life insurance proceeds as well as the myriad other tax measures that are presently being aimed at the life insurance industry."



## SANTA CLAUS USES A FOUNTAIN PEN...

Life Insurance preserves homes and businesses and shelters families against want.

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**THE  
NATIONAL LIFE  
AND ACCIDENT  
INSURANCE COMPANY**  
HOME OFFICE - NASHVILLE, TENNESSEE

## Home Office Changes

### Bankers National

Two officers have been elected. Dorothy G. McKay, formerly in charge of A&S applications in the underwriting department, has been named registrar and Paul P. Schoendorf becomes assistant secretary of underwriting. Mrs. McKay, who has been

with Sun Life of Canada at Jersey City, joined Bankers National in 1934. Mr. Schoendorf has been with Guardian Life.

### Central Standard Life

Robert W. Russell has been appointed assistant to the agency vice-

president and will supervise activities in central and southern Illinois. He has been in insurance for 10 years and prior to joining Central Standard, he was with John Hancock in Peoria.

### Zurich Life

Fred H. Oliver, secretary of Zurich, has been promoted to vice-president and secretary of Zurich Life, effective Jan. 1. He joined the Zurich head office staff in Chicago as a field assistant in 1946. In 1951 he became agency supervisor for Michigan and

in 1953 was transferred to Grand Rapids to open and manage a new office there. He was made manager of the Detroit branch in 1956 and returned to the head office in 1957 as secretary in charge of the agency department. He has been in the insurance business since 1926.

### New England Life

Donald S. Bell has been appointed assistant director of group sales. He has been group field supervisor of Provident Life & Accident and before that was with John Hancock.



Donald S. Bell

### Franklin Life

John E. Smith has been named midwest sales director. He entered the business in 1947 as an agent for Prudential, and has been with Franklin since February of this year.

### Washington National



M. R. Hauelsen

Martin R. Hauelsen, assistant group supervisor in Washington National's Chicago group office has been placed in charge there, succeeding Frank Watt, who was promoted to group regional director at the home office. Mr. Hauelsen began with Washington National in Wisconsin in 1952. In 1955, he went to Illinois, working out of the Chicago group office, being named assistant supervisor there in 1957.

**STATE SECURITY LIFE**—George W. E. Smith, who has been with the company since 1953 and comptroller since 1955, has been elected secretary and treasurer to succeed John R. Walsh, who has become Indiana's new secretary of state.

**AMERICAN HOSPITAL & LIFE** has elected W. P. Hinsch, administrative vice-president, secretary and director; Gene Archer, vice-president and actuary; W. G. Priest, vice-president, treasurer and director; and James C. Laney, vice-president and director of group insurance. A. Wallace Cantwell has returned to the home office as vice-president in charge of A&S.

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## Defines Supervisors' Role In Recruiting

(CONTINUED FROM PAGE 6)

coverage on his own life. Once the broker is convinced he should buy, it is easy enough for him to believe that the supervisor can sell others. Another type of broker Mr. Summer said he has to deal with is the one who has a steady volume of life business, but who is tied up with another company or several companies. Mr. Summer described this broker as the ideal prospect, because if he has been loyal to one company for a long time, the chances are he will be loyal to anyone who can recruit him.

### Shopped The Case

In fact, Mr. Summer warned, recruiting supervisors should always watch out for a broker who wants to give up a case the first time a supervisor walks in the door. He is the type who has probably shopped the case around with every other company in the business.

Mr. Summer said that recruiting the already signed up broker is mostly a matter of calling on him regularly, each time trying to bring along an idea, a suggestion—anything that will be interesting to him from a business standpoint. With this type of broker it is mostly a matter of patient waiting which very often pays off.

Once a broker is recruited, it becomes important to hold him in the organization, and Mr. Summer suggested the following rules: know your own business and run an efficient organization; never do anything to injure a broker's relationship with clients; don't make rash promises your company cannot keep; work jointly with him and treat all brokers alike

even though it is human nature to over-extend oneself for the bigger producer.

Mr. Goodman, who spoke on agent recruiting, advised that a supervisor should evaluate in his own mind those features which make his agency and company distinctive from others and then build his recruiting story from that point.

Since experience had taught him that approximately 80% of his agency's recruiting comes through the existing sales force, he said it follows that if the already established agent is happy, recruiting of new agents is just that much easier.

Mr. Goodman said that in his agency the agents are kings and that there are very few of them who do not have vested contracts. "We roll out the carpet—our philosophy is anything and everything to help them make sales and we mean it!" he said.

### Good Morale At All Levels

Mr. Goodman also noted that good morale on the agent's level means good morale throughout an entire agency, including the managerial staff and office personnel, both of whom are also good sources for recruits.

One recruiting market available to the supervisor, but often neglected by him is what Mr. Goodman called "the grey area." Possible recruits in this area are those who for one reason or another do not measure up on paper, but who have favorably impressed the supervisor in charge of recruiting.

Although it might very well be a company's policy to reject the grey area agent, Mr. Goodman suggested

that when a supervisor's instinct tells him that he has got a good man on the line, he should go to bat for him and stick his neck out with the company. In this way, the supervisor has made himself a good friend and has hired an agent who will most often work extra hard to produce.

State Mutual mortgage loan correspondents presented the home office with a weather station, consisting of an anemometer, thermometer and barograph, which has been installed in the rear lobby.

## National Fidelity Offers Insured Insurability Rider

National Fidelity Life is now issuing a new insured insurability rider, which may be attached to any new permanent form of life insurance. The rider will be issued at ages 0 to 37, and provides for as many as six optional dates to purchase new insurance. Up to \$10,000 new insurance may be purchased on the option dates which occur at three-year intervals beginning at age 25.

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Constancy to Purpose"*

Benjamin Disraeli (1870)

**Our constant purpose:  
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our career men and women.**

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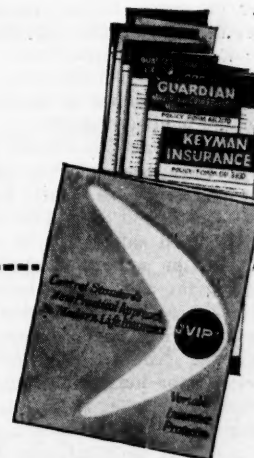
- \* Top first year commissions.
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Plan No. 1	\$200,000	\$250.00	Plan No. 5	\$50,000	\$62.50
Plan No. 2	150,000	187.50	Plan No. 6	25,000	31.25
Plan No. 3	100,000	125.00	Plan No. 7	15,000	18.75
Plan No. 4	75,000	93.75	Plan No. 8	10,000	12.50

Savings on Federal Estate Taxes made possible by use of Third Party Ownership policy.

Agents say that they have been able to increase their life sales by using this policy to complete their client's program! If you can qualify, Producers Contracts are available in Arizona, Arkansas, Colorado, District of Columbia, Florida, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Mississippi, Nebraska, New Jersey, New York, North Dakota, Oklahoma, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin.

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## Editorial Comment

### State Control: Is The Dike Cracking?

Is the long struggle to preserve state regulation of insurance from federal "encroachment" going to be lost because the states themselves are not much interested in fighting for their traditional exclusive supervision of the insurance business?

At least one governor—Meyner of New Jersey—not only isn't putting up any fight against letting the federal government get into the regulation act but has made it clear—in his talk last week at the annual meeting of Life Insurance Assn. of America—that he thinks it would be a good idea for the association to study with an open mind how the business could best be regulated on a share-the-supervision basis by the states and the federal government.

Gov. Meyner is rated as smart, progressive, and a leading contender for the Democratic presidential nomination in 1960. If such a man can make out a plausible case for sharing insurance supervision with the federal government, isn't there a good chance that other governors, when the question is presented to them, may take a similar view?

As reported in last week's issue, Gov. Meyner quoted with approval the view that "adequate protection of the national public interest in insurance is not a matter of antagonism between state and nation, not a question of states' rights, but one of proper adjustment and distribution of efforts between state and nation."

Gov. Meyner pointed out that it is no longer a question of whether a part of the regulatory job should be assigned to Congress, for Congress is already in the business of regulating insurance. Nor is there any question that state power is dependent on the pleasure of Congress, since the Southeastern Underwriters Assn. decision.

The New Jersey governor quite obviously believes he is advising a course that is in the best interests of the insuring public, on the ground that dual regulation supplies something not to be had with the states-only variety. There is also considerable to be said for such a stand on grounds of realism and political sagacity.

After all, which governor would seem to have the insuring public's interest closest to his heart: the one who is willing to let policyholders have the added safeguards of federal control—or the governor who wants to shut out the presumably beneficent influence of federal regulation? Unluckily, the very cogent reasons for keeping the federal government as far away for as long as possible from insurance supervision are pretty technical for the public to absorb and at best they lack political sex appeal. It could be that Gov. Meyner is heading a rather willingly led parade.

There are those connected with the insurance business who feel much the way Gov. Meyner does about federal regulation. On the day before the governor's talk, Bert W. Levit ex-

pressed very similar sentiments in addressing the semi-annual luncheon of the San Francisco Society of Insurance Brokers. Mr. Levit, senior member of the San Francisco law firm of Long & Levit, has specialized in insurance law for 30 years and is general counsel for Pacific Board of Fire Underwriters and Pacific Fire Rating Bureau. He has just been chosen for California's highest paid and most important appointive job, state director of finance, and will take a six month's leave of absence from his law firm.

Mr. Levit hardly seems like an alarmist or a defeatist, either as an insurance man or a states' rights man. So when he warns that "the question is not whether there will be changes in the regulatory pattern, but whether and to what extent the industry will be able to exert an influence on the outcome," he deserves to be listened to seriously.

"The stakes are high, most particularly for the insurance industry and the insuring public," he told the brokers. "Nor can the industry, either for itself or its owners and stockholders or for the public it serves, afford to let the decision rest upon desires and contentions of public officials or political subdivisions, however well intentioned these may be..."

"Industry intervention, to be effective, must be grounded in realism and seasoned with an appreciation of both public interest and industry needs. Realism dictates an understanding that the only tenable middle ground between trust and anti-trust is government regulation. It is in the degree of such regulation and in the distribution or placement of it that the area of influence lies."

Mr. Levit said it seems clear that insurance can never achieve an exclusive state regulatory pattern, no matter how state laws are modified, so long as public law 15 remains on the statute books in its present form.

"This is so," he said, "because federal legislators, bureaus, and officials will continually scrutinize state legislative and enforcement patterns and industry activities to see if they conform to an avowed congressional intent in the enactment of public law 15 to preserve competition—and I use the expression 'preserve competition' in a much broader sense than that inherent in the 'boycott, coercion and intimidation' phraseology of the federal law."

"This leads me to suggest that to 'sell' a philosophy of insurance regulation to the legislatures of the 49 states—a formidable task, indeed—may well turn out to be a case of love's labor lost. Perhaps the customer for the 'hard sell' is on Pennsylvania avenue."

"True, it has been frequently remarked (most recently in a committee report to the National Assn. of Insurance Commissioners as reproduced in the 1958 proceedings) that public

law 15 'was expressly designed to overcome and reverse the effects of the decision in the Southeastern Underwriters case.' Query: whether it did have or will have so sweeping an effect."

When men of the stature of Gov. Meyner and Mr. Levit indicate such strong belief that it is not a matter of whether federal regulation is coming but rather what form it will take, their statements deserve thoughtful appraisal even by the most outspoken dissenters.—R.B.M.

## Personals

Luis Beltreana, member of the Guatemala permanent commission to the United Nations, was introduced at the annual meeting of Life Insurance Assn. in New York by G. Frank Purvis, vice-president of Pan-American Life. Mr. Beltreana was formerly with the Chubb & Son insurance firm in Cuba and before that was with the Guatemala law firm acting as local counsel for Pan-American Life.

John T. Acree, president of Lincoln Income Life, has been elected a director of Louisville Chamber of Commerce.

Frank P. Samford, president of Liberty National Life, has been named "Man of the South for 1958" in a poll conducted by a southern publication, Dixie Business.

Clarence A. Jackson, president of American United Life, has been re-elected to a second one-year term as president of Indiana State Chamber of Commerce.

Leslie R. Shope, manager of advertising and press relations of Equitable Society, has been cited by the Advertising Council for his work as coordinator of the Crusade for Freedom campaign. This is the third consecutive year that the council has presented an award to Mr. Shope. In 1956 he received an award for his work on the register and vote campaign of American Heritage Foundation and again in 1957, for his efforts as coordinator of the freedom crusade.

## Deaths

INGELBERT E. ROSHOLT, 74, retired Chicago agency manager for Lutheran Mutual Life, died there. Mr. Rosholt retired two years ago after 30 years with the company.

H. J. ALLEY, 69, a veteran of many years in the business, died in South Bend, Ind. He maintained an adjusting company in South Bend, and at one time he reorganized Income Guaranty Co., a 50-year-old Michigan corporation with offices in South Bend.

WALTER DERIN, 37, northern Illinois state manager at Evanston for Old Equity Life, died. He joined the company in 1952 as an agent at Fort Wayne, and was promoted to state manager last January.

CHARLES T. ROGERSON, 56, secretary of Life of Virginia, died at Richmond. He joined the company in 1924 and in 1935 became supervisor of

## The NATIONAL UNDERWRITER



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INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gensel, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 3-5417. Howard J. Meyer, Northwestern Manager.

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NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

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the combination offices in Louisiana, Georgia and Alabama. Mr. Rogerson was elected a director in 1936 and in 1946 was named secretary. His father, the late William L. T. Rogerson, was 1st vice-president of Life of Virginia at the time of his death in 1930.

**AUGUST F. KAPINOS**, 62, general agent of Western Life at Bozeman, Mont., died.

**JOSEPH P. CHRISTIANSON**, director of Bankers Security, died of a heart ailment in Roosevelt hospital in New York.

## Massachusetts Mutual Inaugurates Guaranteed Issue Endowment Plan

Massachusetts Mutual has made available to groups of 10 or more, a guaranteed issue endowment plan. The plan is being offered for use with split-dollar programs, professional associations and some other groups which are not formed solely for the purpose of obtaining life coverage.

Under the plan, which will be subject to preliminary underwriting and cannot be used under qualified pension and profit-sharing plans, coverage will be continued to age 85 and the cash value at maturity will be \$1,000 for each unit. The maximum amount issued under the plan will depend on the number of lives, the nature of the group and in some cases the salary of employees covered.

## Stocks

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, December 16, 1958

	Bid	Asked
Aetna Life	226	230
Beneficial Standard	16 1/2	17 1/4
Business Men's Assurance	98	102
Cal-Western States	112	117
Columbian National	119	122
Commonwealth Life	27	28
Connecticut General	340	345
Continental Assurance	168	172
Franklin Life	83	85
Great Southern Life	87	92
Gulf Life	24	25
Jefferson Standard	91 1/2	93
Kansas City Life	1575	1600
Liberty National Life	50	52
Life & Casualty	21 1/4	22 1/2
Life of Virginia	53	55
Lincoln National Life	240	245
National L. & A.	113	115
North American, Ill.	20	21 1/2
Nw. National Life	93	Bid
Ohio State Life	270	285
Old Republic Life	24	25 1/2
Republic National Life	55 1/2	57
Travelers	96	98
United, Ill.	49	51
U.S. Life	49	51
Wisconsin National Life	69	72

## Tex. Board Drafts Legislative Bills

AUSTIN—Some 38 proposed measures, featured by two that would authorize continuous certificates of authority for licensed companies and similar certificates for agents, comprise the recommendations of the Texas insurance board for new legislation during the session of the legislature that convenes in January.

The board also desires clarification of various articles in the insurance code and urges appointment of an interim legislative committee "to study the need for a complete revision" of the code. Many of the proposals are aimed at setting up uniform procedures.

Some of the recommendations were: For the board—return members to full-time basis; create a special operation fund; make it unlawful for an insurance man to make a gift to a board or staff member, and authorize blanket bonds for board and staff members.

For Texas companies generally—make the business corporation act applicable where not in conflict with the code; liberalize merger and consolidation laws; make uniform the articles of incorporation for all types of companies; prohibit investments in another corporation owned by an officer or director, and provide additional authority over secondary sales of company stocks.

For further regulatory powers—subject county mutuals to rate regulation; require licensing of attorneys-in-fact that act as agents; provide for licensing of general agents; provide authority over employee welfare and pension plans, and amend the article on re-insurance.

## See Ind. Lawmakers Study Cover For State Employees

Legislative observers in Indiana forecast that some type of measure for group life coverage of state employees will be presented in the session of the state general assembly which opens in January. At present, no plan is available to them, it being considered at least doubtful that the state can, under present law, set up a group case legally.

Coverage under such a plan would probably apply to about 20,000 employees, exclusive of personnel of the four state universities and colleges, which have their own group policies at present, and exclusive of state legislators, the latter on grounds that they are not full-time employees.

NO. 12 IN A SERIES



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## NAIC Defers Most Action At Midyear

(CONTINUED FROM PAGE 1)

his territory became a state there have been 35 requests to start domestic insurers, all from non-Alaskans. All 35 lost interest when they learned the population of Alaska is only 150,000.

In Nevada, Commissioner Hammel of that state said two new companies have been formed in the last two years, although 17 made the attempt. A typical example of a company turned

down, he reported, is the plan of selling one million shares, half to the promoters for one mill per share and the balance to the public for enough to make an initial capital-surplus of \$10 million.

Commissioner Harrison of Texas remarked that he has the right under the new laws there to challenge management and in the cases where this has

been applied it has been 100% successful.

Moses T. Hubbard of International Federation of Commercial Travelers Companies, after sitting quietly through two or three recent NAIC meetings returned to the verbal wars at New Orleans protesting in his own remarkable style the suggestion that companies be required to obtain a license in every state in which they do business.

Mr. Hubbard's objection was to a recommendation of the subcommittee to study and review state laws neces-

sary and essential to state regulation that there be introduced bills defining what is meant by doing business in state and as a consequence require any insurer doing business be licensed. It was pointed out that before a state can subject foreign insurer to its control for the purpose of instituting proceedings against it, the company must be doing business in that state. If the definition of doing business was made clear especially on the score of doing a mail order business, the state would have the same recourse to act an insured or beneficiary under unauthorized insurer service of process act.

This preliminary suggestion seemed to provoke no one, but when the subcommittee went on to recommend that all licensed companies of a domiciliary state be licensed in the state in which they do business, Mr. Hubbard hurled the charge of unfairness and inequity.

This is simply a cover by one state for another, he asserted. If a state is doing its own job of regulating companies in their national operations, then the job is to be taken over by "Y" state. The plan is the old reciprocity bill, tossed around for 20 years and rejected because it is unjust and impracticable. Mr. Hubbard declared that the purpose of the bill is, for example, to stop a New York company from transacting business in some other state because that other state is doing a "lousy job" of regulating its own companies. It is an absurd dodge to cover inefficiency, he added. No fair minded people should do it on the grounds of equity alone. It is an admission of failure to regulate.

### Knowlton Asks Question

Knowlton Of New Hampshire asked Mr. Hubbard if the definition of doing business were adopted and the state has a law on the books that a company doing business there must be licensed, would not the Commercial Travelers Companies have to get a license?

No, Mr. Hubbard said, because his companies are operating under retaliatory statutes. The Travelers companies are assessment and New York has a law preventing the licensing of foreign assessment insurers. The retaliatory statutes of other states prevent the Travelers companies from being licensed in most states. The effect of requiring the companies to obtain licenses in all states in which they do business would be to drive them out of business.

Duncan of Alaska voiced doubt whether he could have the control he wants if the company is not licensed in Alaska when writing Alaska lives or risks. Mr. Hubbard said the unauthorized service of process act covers the Alaskans, while New York regulates all the business of its domestic companies and a call from any other commissioner to New York will get prompt action.

No action was taken, partly because copies of the proposed bills were not available. The meeting, under the chairmanship of Vorys of Ohio, ad-



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Your home office "partners"—key personnel who back you in the field—are pictured in background of above photo. At desk, left to right: Ken Truax, CLU, and Ed Thomas. Behind desk, left to right: Earl Mulcahy, Carl Shaeffer and Bob Thompson, CLU. Right-hand group: Max Hittle, CLU, Harold Petersen and Brady Minnis.



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## Service Guide

### ACTUARIAL COMPUTING SERVICE, INC.

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turned to reconvene when copies would be distributed. Arch E. Northington of Tennessee, president of NAIC, said in his report to the convention that each year since the SEUA decision has seen improvement in state regulation. Much of the improvement has resulted from the activities of NAIC in such matters as development of model bills and regulations, committee reports and surveys, exchange in information and other cooperative action. In the light of the current senate investigation, he said, the present duty of all persons interested in state regulation is to demonstrate to congress that this method of regulation is successful and its continuation is in the public interest.

#### Reasonable Competition Exists

Mr. Northington said the O'Mahoney subcommittee seems to be primarily interested in whether state regulation has resulted in a lessening of competition in insurance, and a quick look at the multitude of forms, classification plans, rate differentials, deviations, etc., is proof that reasonable competition exists today. It does not destroy the case for state regulation to point out a few instances in some localities of improper practices, Mr. Northington said. Where such situations have occurred, remedial action has been taken. "Company practices have been reviewed and corrective action ordered; inept or corrupt officials have been replaced, but throughout all of this, the general caliber of state regulation has been improving and each failure or breakdown has taught its lessons."

Pointing out such isolated instances, Mr. Northington stated, does not detract from the fact that state regulation has given, and will continue to give, "excellent protection to the people."

#### Sounds Warning

Reasonable competition does exist under state regulation, he stressed, and will continue to an extent that would never be possible under a system of dual state and federal regulation. "We should all be extremely careful, however, in analyzing legislative proposals and administrative procedures to be certain that no weapons are placed in the hands of any one segment of the insurance industry which might be used to harass another segment or group to the extent of preventing or decreasing competition. Any proposals which are put forth tending to permit any one group in the insurance industry not directly affected by the activities of another to cause prolonged hearings to be held or to be parties to matters not connected with their own business operations would, in my opinion, be destructive of the reasonable competition presently permissible under our system of state regulation."

Mr. Northington's talk was preceded by the opening of the first plenary session, which included greetings from the mayor of New Orleans and the Lieutenant Governor of Louisiana, presentation of commission as colonel to the governors staff and a key to the city to Mr. Northington, and the introduction of three commissioners at their first meetings—Blackford of Michigan, Hulbert of Utah and Duncan of Alaska.

A narrative report of the activities of the preservation of state regulation committee, by the chairman, Navarre of Michigan, and a brief statement of "no report" from the federal liaison committee by McConnell of California

### Prudential To Lease Out Hotel In Boston Center

BOSTON—Prudential and Hotel Corporation of America have completed negotiations on the operation of a 25-story, 1,000-room hotel that will become part of Prudential Center, a 31½-acre Back Bay development. Leases between Prudential and Hotel Corporation for the hotel are in preparation and are expected to be signed shortly.

Prudential Center, when completed, will include a 52-story office building, where the insurer's northeastern home office will be headquartered, six 25-story apartment houses, several low commercial buildings, a municipal auditorium to be built by Boston, a 4,000-car garage and the hotel.

constituted the NAIC committee business Tuesday morning.

Mr. Navarre said his committee reviewed the 24 items the Senate subcommittee under O'Mahoney of Wyoming intends to delve into, as related by the subcommittee counsel in a talk before the insurance section of American Management Assn. Segments of these 24 points were divided among the NAIC committee members, who had the assignment of preparing statements from the point of view of state regulation as it applied to these topics. These statements are in the hands of the committee and will be ready for presentation to the O'Mahoney subcommittee when the hearings touch on the subjects in question.

#### Navarre Cautions Audience

Mr. Navarre offered words of caution on the score of letting down, saying that the states have to continue their efforts to perfect state regulation. Later on he suggested that the name of the NAIC committee be changed to committee for the perfection and preservation of state regulation in order to make this clear.

Discussing the questionnaire on

state regulation mailed from the O'Mahoney subcommittee, Mr. Navarre mentioned that the NAIC had been able to obtain some classifications in it and have the time for submission extended. The Michigan department made a dry run of filling out the original questionnaire, and it took a voluminous addenda to answer many of the questions completely. Even with the new questionnaire, Mr. Navarre said, the commissioners should not be modest in accounting for themselves and their states.

Mr. McConnell explained the brevity of his report by noting that the committee had held no meetings because there is no new litigation involving the government and no new government encroachment into the insurance realm.

Binning of Nebraska presided over the meeting of the regulation of advertising subcommittee, at which Joseph O'Regan of Health Insurance Assn. told the commissioners the count on states having the model ad rules, the Fair Trade Practices Act, the



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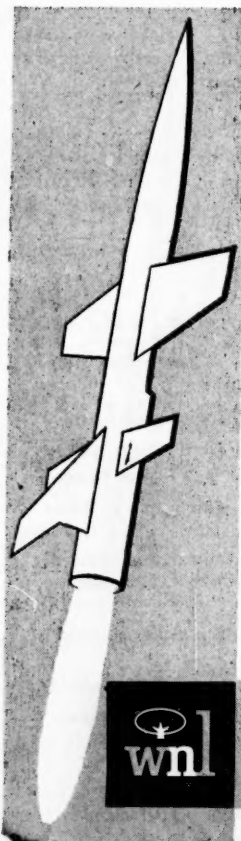
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individual policy provisions law and the unauthorized insurers service of process act.

Three states—Illinois, Oklahoma, and Maine—have adopted the NAIC advertising rules since June, Mr. O'Regan said. The rules are not in 30 states and several others have substantially the same rules under another name.

The fair trade practices act is in 44 states and 2 territories; the individual policy provisions law in 46 states and 3 territories, and the unauthorized insurers service of process act in 42 states.

Mr. Binning said Nebraska has amended its trade practices act to give the department regulation over the activities of its companies in other states. Thus, the home commissioner follows his companies into other jurisdictions. HIA, Mr. Binning noted, has prepared a model bill which does the same thing but is designed to preclude dual regulation. This would be done by amending the unfair trade practices act to add that any advertisement by a local company in another state complained of by the foreign state commissioner (whose own laws do not cover the complained of practice) can be dealt with by the home state commissioner.

#### **Suggests Eliminating Words**

Moses Hubbard of Federation of Commercial Travelers group remarked that it is possible to achieve the same ends by eliminating from the unfair trade practices act the words "in this state." He suggested that before anything is done that the commissioner wait for the decision in 8th circuit in the Travelers case, in which the Nebraska amendment was made part of the record.

The proposed model bills defining "doing an insurance business" and permitting service of process on unauthorized insurers in proceedings instituted by regulatory agencies turned into a last minute bit of excitement when they went on display at the meeting of the laws and legislation committee Tuesday afternoon.

These were the bills discussed at the meeting Monday of the subcommittee to study and review state laws necessary and essential to state regulation. Copies were not available at that time, and during the subcommittee meeting the only protest came from Moses T. Hubbard of International Federation of Commercial Travelers, who had vehement objection to the requirement that a company be licensed in any state in which it is "doing business" as defined.

#### **Had Found Achilles Heel**

It was explained that the need for the bills arose from the strong feeling expressed at a meeting of the NAIC committee on preservation of state regulation in conjunction with the insurance committee of National Assn. of Attorneys General that FTC had found the Achilles heel of state supervision in the mail order business and the inability of a local commissioner to take action against a foreign company operating in this manner. Vorys of Ohio, head of the subcommittee, said the urgency of the matter was made more acute by the fact that most legislatures meet in January and will not meet again for two years, by which time it may be too late.

After Mr. Vorys made his informal report at the committee meeting Tuesday, Gerber of Illinois, who is chairman, asked for comment. Six industry representatives urged that the bills be given further study, one

## **K. C. Life Honors Two For 50-Year Service**

Pins for 50 years of service were presented to two general agents of Kansas City Life at the annual dinner for general agents, managers and supervisors at Kansas City. The two-day meeting was attended by 60 agency managers from 39 states and the District of Columbia.

Those receiving the diamond-pins from President W. E. Bixby were C. W. Fisher, St. Louis, and W. J. Hunter, San Francisco, both of whom joined the company in 1909.

asked for immediate action, and finally Mr. Vorys commented that the bills may be too broad, but he was torn between the urgency of the situation and the fear of making a last error: The latter consideration, however, prevailed, and he announced that during the executive session he would move that the bills be deferred for further study and brought up again at the June meeting.

#### **Suggests Awaiting Court Ruling**

As first objector to immediate action, John Hanna of Health Insurance Assn. said there is a case before the 8th circuit which has a bearing on the matter, and it might be better to wait for the court decision on that. He asked for "mature consideration" of the need for such laws, noting that the bills as drafted offer the possibility that a company licensed in three or four states and advertising in them might suddenly find itself under the jurisdiction of still another if an ad drifted across a state line (advertising being defined as "doing business") or a policyholder who moved to a state where the insurer was not licensed could cause the insurer to be "doing business" there. Or an employee covered by a group policy but living in a state in which the company was not licensed could subject the insurer to all the state insurance laws and rules.

Henry R. Glenn of Life Insurance Assn. seconded Mr. Hanna and asked for a delay and for research.

An unscheduled witness was Gordon A. Bubolz of Home Mutuals of Appleton, Wis., who sought immediate action. Congress is looking over the shoulder of the commissioners, he said. The proposed bills are designed to bridge a gap in state regulation, and to play the delaying action game too long might exasperate Congress. A few companies writing business by mail, he charged, are asking the whole industry to wait to its danger. The bill should get full support from both commissioners and industry. No company or group of companies should have the right to operate in a certain manner without the controls the main body of the business must adhere to, he declared.

#### **Need Further Study**

Ralph Kastner of American Life Convention stated that the ramifications of the bills are of such character that there is need for further study. In the meantime, he explained, the commissioners have powers which they can use to cope with any situation that might arise.

John Panchuk of Federal Life & Casualty noted some inconsistencies between the definition and the model service of process bill. He said state regulation is undergoing an orderly process of litigation to clarify its status. The bills confront the industry and the commissioners with a spider-

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like web of jurisdictional issues and criss-cross jurisdiction. He wondered if there is a chance of accomplishing the same thing in an easier way.

Wikler of New York, a member of the committee, at this point said he was disturbed by the repeated comments of industry that all this was being done in a hurry without time for the industry to study the matter. He asked accusingly if the industry could be uninformed as to the contents of the report on state regulation that was prepared by Henry Schanz of the New York department. This question was greeted with a chorus of "no." Only the commissioners have seen this, it was pointed out. Mr. Wikler seemed taken aback.

#### No Licensing Requirement

Moses Hubbard also objected. He remarked that the licensing requirement was out of the bills as now presented, an omission he much appreciated, but he asked for a chance for industry to cooperate with the commissioners in the traditional fashion.

Ambrose Kelly of the Factory Mutuals said he would appreciate a chance to see the Schanz report and get filled in on the background.

Knowlton of New Hampshire explained that only the commissioners have seen the Schanz report because it has not even been adopted by NAIC. It was first unveiled at the June meeting in Chicago, and Mr. Knowlton said that was his first look at it. It was accepted but not adopted, and before it is adopted he said he would like to see some revisions made.

#### Most Noteworthy Event

Without doubt the most noteworthy event of the NAIC meeting was the gathering of Passe Club International, the organization of ex-commissioners. Not a part of the formal program, this luncheon, attended by about 75 members and guests, offered a conviviality, humor and spirit that was markedly lacking at the convention sessions.

M. J. Harrison of Little Rock, the president, in his usual quietly humorous vein, observed that the Passe Club was buried a year ago at New York and he and the secretary received departure gifts. However, it is mysteriously back in business with the same officers.

Howard Brace of Occidental Life, permanent secretary, read the roster of initiated class of 1958—Neely of West Virginia, Holz of New York, Gibbs of Texas, and Buckwell of Utah. In the past the Passe Club has been disappointed by its meager annual membership gains, he said, but this year the deluge struck, and there is a record harvest. The new commissioners, when they take office, can be assured that their names will go on the clubs waiting list, Mr. Brace declared, advising, "Don't call us, we'll call you."

#### Lloyd Is Main Speaker

The main speaker was John Lloyd, a member, president of Union Central Life, who recalled that he took office in Ohio in 1929, and of those old days only four are left in NAIC—Jordan of District of Columbia, Holmes of Montana, Apodaca of New Mexico and Sullivan of Washington. Close runners-up are Larson of Florida and Knowlton of New Hampshire.

The movement in and out of office of commissioners, balanced by the steady influence of the permanent staffs, is a source of strength to state

memo to home office executives

## The Substandard Risk—Hidden Profit Opportunity?

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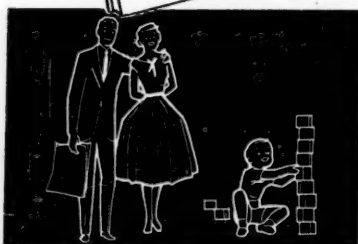
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regulation, Mr. Lloyd declared. This combination of the fluid and the fixed has kept NAIC healthy for 90 years.

The threat to state supervision is old, warnings of it old, Mr. Lloyd observed. He said he believes that worse than the threat is the fear of federal intervention. State regulation cannot be maintained on a diet of fear, he added. A positive reaction, based on what is right and important, will provide the commissioners with all the defense they need.

Commissioner Northington of Tennessee, NAIC president, was presented a gavel by a Passe member from a neighboring state, Spaulding Southall of National Assn. of Independent Insurers.

## IAAHU Names Rose As So. Cal. Board Member

Milton L. Rose, Paul Revere Life, Los Angeles, has been appointed to the executive board of International Assn. of A&H Underwriters. He succeeds F. Kenneth Stoakes, Loyal Protective Life, Los Angeles, as southern California board member. Mr. Stoakes is vice-president of IAAHU.

## Hancock GAs Launch Policy Series

Ninety general agency representatives of John Hancock met at Chicago to launch the signature series of life insurance policies which will be available in most states on Jan. 1. The special session was conducted by William D. Bacon, superintendent of general agencies and Richard H. Swann, field assistant.

## Convention Dates

Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle Hotel, Chicago.

### 1959

Jan. 29-30, Life Underwriters Assn. of Canada, annual, King Edward Hotel, Toronto.

Feb. 16-18, Health Insurance Assn., group insurance forum, Biltmore Hotel, New York.

Feb. 20-21, New York State Assn. of Life Underwriters, general agents and managers meeting, Gideon Putnam Hotel, Saratoga.

March 15-20, National Assn. of Life Underwriters, mid-year, Leamington Hotel, Minneapolis.

March 16-18, LIAMA, agency management conference, Edgewater Beach Hotel, Chicago.

March 19-20, Society of Actuaries, eastern meeting, Commodore Hotel, New York.

April 20-22, LIAMA, A&S meeting, Edgewater Beach Hotel, Chicago.

May 4-8, Health Insurance Institute, Bellevue-Stratford Hotel, Philadelphia.

May 6-8, LIAMA, combination companies conference, Roosevelt Hotel, New York.

May 10-13, LIAMA, agency officers round table, The Homestead, Hot Springs, Va.

May 15, Illinois Assn. of Life Underwriters, annual, Hotel Leland, Springfield.

June 8-12, NAIC, annual, Statler Hotel, Boston.

June 11-12, Society of Actuaries, western meeting, Fairmont and Mark Hopkins Hotels, San Francisco.

June 11-13, ALC medical section, The Homestead, Hot Springs, Va.

June 14-17, International Assn. of A&H Underwriters, annual, French Lick-Sheraton, French Lick, Ind.

June 15-26, ALC life officers investment seminar, Beloit College, Beloit, Wis.

Sept. 20-25, National Assn. of Life Underwriters, annual, Bellevue-Stratford Hotel, Philadelphia.

Oct. 12-16, American Life Convention, annual, Edgewater Beach Hotel, Chicago.

Oct. 20-31, Life Advertisers Assn., annual, Drake Hotel, Chicago.

November 9-13, LIAMA, annual, Queen Elizabeth Hotel, Montreal.

November 16-18, Health Insurance Assn., individual insurance forum, Biltmore Hotel, New York.

November 9-11, Society of Actuaries, annual, The Greenbrier, White Sulphur Springs, W. Va.

## State Mutual A&S Sales Gain 28% During 11 Months

State Mutual's A&S production during the first 11 months was ahead of the same period last year and premiums for the period showed a gain of more than \$100,000, bringing the total to \$493,000.

New A&S premiums of \$53,100 in November showed an increase over the previous record for the month in 1955, of 45%.

If you want straightforward answers to all of these questions . . . write—

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? WHY do you receive little continuing reward for attracting good producers to your agency?

? WHY are your renewal commissions for low lapses the same as paid to other representatives for high lapses?

? WHY is your renewal commission schedule so low if persistency is so vitally important?

? WHY are smaller renewal commissions paid over a long period of time instead of larger commissions paid over a short period?

? WHY has the Accident and Health Division of All American Life & Casualty Company enjoyed the most spectacular growth in the business? From the standpoint of premium income, All American now ranks among the top 125 companies.

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# Sales Wilde Warns LIA On Inflation Danger

(CONTINUED FROM PAGE 1)

tribution of our national product. It works in complete contradiction to our basic ideas of equity in a democracy."

As to what should be done to combat inflation, Mr. Wilde said: "First, we decide that inflation is a real threat and we cannot contain it either by laws or by escape to so-called inflation hedges. Then we have to use in full all the institutions we have available to carry out our national purposes of a stable dollar, high-level employment, and freedom of economic growth."

## Lists Instrumentalities

"These instrumentalities are the Federal Reserve, and its power to regulate the supply of money and credit; a fiscal, budgetary and debt management policy which must be developed in a way to assure balanced budgets over time; and a tax structure which will produce surpluses in times of boom and will have enough flexibility to encourage growth despite the necessity for a high tax-take."

"What we also have to do is to find effective ways to educate the public in basic economics. The people must understand thoroughly the fundamental economic truth that a society cannot take more out of an economy than it puts in. Too many people believe that all that is needed in a democracy is to vote right and we can have whatever we want."

The LIA president included in the first part of his talk an all-out tribute to the work of Institute of Life Insurance, which on the previous day held its 20th anniversary meeting.

"The policy decisions of its board and the skill of its management have produced very high dividends per dollar of expenditure, in the opinion of those who have followed its work," he said. "The institute competes in a field where billions of dollars annually are being spent to attract the reader's attention to interest him in products or services. Our business is asking this healthy child to compete in a contest where Holgar Johnson in a model T Ford tries to keep up with a 1959 Chevrolet Impala. I don't understand how he even keeps the competition in sight, which he seems to do."

## Asks Budget Boost

Mr. Wilde urged LIA member companies to see that the institute budget "is at least partly adequate to meet the enlarged demands of the day and the foreseeable future."

The section of Mr. Wilde's talk dealing with the minimum deposit plan of selling life insurance was reported in last week's issue.

Following his address, there was a forum on current problems and later the election of officers.

William P. Worthington, president of Home Life of New York, spoke briefly on abuses connected with the sale of high early cash value policies on the minimum deposit basis. He was reporting for the joint committee of the LIA and American Life Convention that has been appointed at the request of the New York department to suggest ways of dealing with alleged minimum deposit plan abuses.

Mr. Worthington said no company not issuing the contract should take a holier-than-thou attitude, that none of the issuing companies had any intention of creating a problem and there would be no problem if sales were confined to the small segment of

the public for which the contract is appropriate. He opined that since all concerned are men of good will, it should be possible to approach the problem in the spirit of good will and mutual confidence with the aim of maintaining public confidence in the business.

Devereux C. Josephs, chairman of New York Life, and George T. Conklin Jr., financial vice-president of Guardian Life, spoke on the "campaign" of the Treasury to get life companies and other savings institutions to buy long-term government bonds on a far larger scale than at present.

Henry R. Glenn, LIA general counsel, who moderated the forum, remarked that when life companies do buy government bonds it constitutes an evidence of faith in the soundness of the dollar that makes such purchases additionally welcome to the government.

Lawrence M. Cathles Jr., vice-president of Aetna Life, said the disclosure requirements of the federal welfare fund reporting law pose some rather serious problems in connection with commission disclosures. Labor can be expected to object to commissions where no service is given. He suggested there might be a new basis for commissions, the amount being divided into sales commission and service commission.

## Will Be More Troublesome

Mr. Cathles said the disclosure act is not too troublesome now but it will be more so, and also it will not correct abuses, because crooks will not file honest reports and the law is not realistic, in that it fails to empower the Secretary of Labor to answer questions or give interpretations, nor is any money provided for administration. The law calls for mountains of data but provides for no way of analyzing them.

The natural evolution of the law will be federal regulation of group insurance. If the insurance industry doesn't put up a fight soon against federal regulation, it will be too late, he said.

## Reports On Tax Situation

President Deane C. Davis of National Life of Vermont, chairman of the life industry joint federal income tax committee, said that "scraps of information" emanating from the Mills subcommittee of the ways and means committee indicate that the subcommittee is not convinced by the argument that mutual life companies are at present overtaxed and believes that mutual companies earn underwriting profits much like stock companies; that the subcommittee favors taxing some of the profits of both stock and mutual companies; that the subcommittee is much interested in a plan based on taxing both investment income and underwriting profit and in the investment income formula developed by the industry subcommittee headed by President Walter O. Menge of Lincoln National Life; that the subcommittee has "sympathy" for the tax discrimination against insured pension plans as compared with trustee plans but is mindful of the loss of revenue that equalization would entail and probably any move in that direction would have to be a gradual basis.

The talk of Gov. Meyner of New Jersey at the first-day luncheon was reported in last week's issue. In the



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afternoon there was a symposium on "The Nation's Needs in Medical Economics," followed by a reception and buffet supper.

The second day was devoted entirely to non-insurance matters, starting with a symposium on research and scientific developments. Participants were Augustus B. Kinzel, research vice-president of Union Carbide Co., and Roy W. Johnson, director of the Defense Department's advance research projects agency. Closing speaker of the morning was Edward B. Hanify, Boston lawyer, who declared that the business leader has a duty to make his position known and his leadership felt by the general public "if we are to maintain the basic values of our way of life."

The final feature of the program was the luncheon address of President Charles Malik of the United Nations General Assembly.

Milwaukee Assn. of Life Underwriters recently held a joint meeting with Milwaukee CLU chapter at which Michael McKenney, New York Life, discussed buy-out agreements.



Frederic W. Ecker (left), president, Metropolitan Life, presenting to O. Kelley Anderson, retiring chairman of Institute of Life Insurance, a plaque attesting to his "business statesmanship in life insurance public relations" during the institute's 20th year. Mr. Anderson, president of New England Life, was succeeded as institute chairman by Howard Holderness, president of Jefferson Standard Life.

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Rapid expansion has created important openings in Ohio, Virginia, Illinois, Florida and Arizona for men capable of recruiting, training and developing new Life Agencies. Position pays salary, expenses and production overwrite. Give full details of experience, replies confidential. Write Box D-65, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

SUCCESSFUL GENERAL AGENT, CLU, wishes General Agent or Managerial connection with Life company in Connecticut or Massachusetts. Outstanding record as personal producer, Supervisor, Manager, General Agent. Also has varied sales experience with A&H. Write in confidence to Box D-70, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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One of Chicago's largest Underwriting General Agencies with over 500 brokers, and representing one of America's oldest Life Insurance Companies, writing all forms of Life, Noncancellable A & H, Group, desires ambitious young man under age 35 with one or two years of successful life insurance selling experience, to manage established Life Department. Good salary, bonus and opportunity for ownership. Write brief résumé. Replies held in strict confidence. Reply to Box D-76, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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### HOME OFFICE OPPORTUNITY

Progressive company is seeking experienced young men to head Commissions and Policy Service Departments. Immediate placement if you qualify. Modern office situated in small midwestern community where living conditions are ideal. Write Box D-74, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## Institute Gets Account On Inflation Troubles

(CONTINUED FROM PAGE 1)

not be absolved from that responsibility."

Analyzing the various factors and forces which combine to create inflationary tendencies in a modern economy, Mr. Rosenberg stated: "It is the state alone which can create an inflation. It is the state alone which can prevent it."

Mr. Rosenberg outlined broadly the areas in which government action for a sound economy should take place, in controlling all economic monopolies, in taxation and subsidies, but warned: "In a free society, this duty of the state does not imply regulation of free enterprise or regulation of prices and wages."

Mr. Rosenberg explored the question of whether prices or wages or both can lead to inflation, and whether a price policy and a respective wage policy can prevent it. Arguing against controls, he declared:

"By fixing prices artificially one destroys the working principles of a free economy. You fix the size of the piece of cake to a large extent. Whether by one method or another, whether by state control or by private enterprise—if one does this one prevents the regulative of competition to work and create conditions which influence the standard of living, the purchasing power and finally the value of money."

### Lowers Rates On Annuity Plans

North American Life of Toronto has lowered rates for immediate annuity plans issued in Canada. The new rates, lower at all ages, are subject to the company's 1% discount for size of premium where the single premium is \$10,000 or more.

### MANAGEMENT OPPORTUNITY

Progressive casualty company needs a life insurance specialist for the development of its new Life Company. This is a real challenge for a topflight life insurance man with at least 3 years of successful sales experience. This is a salaried position with profit sharing and many other benefits. We have openings in the St. Louis and Minneapolis area.

Write Box D-60, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill., giving age, educational background and experience.

## Albert J. Wohlgemuth Retiring As Head Of The Rough Notes Co.

(CONTINUED FROM PAGE 2)

ance magazines. The name Rough Notes was continued in the magazine devoted to the fire and casualty business; the life insurance magazine was named the Insurance Salesman. Both magazines now have the largest paid circulation in their fields as verified by the Audit Bureau of Circulations.

The company's slogan has always been, "Everything for the Insurance Man;" and a large part of its business has been in the field of insurance agency office records and supplies of all kinds. This department was also expanded greatly under the new management. The development of the "1-2-3-4 System of Short-Cuts" for insurance agencies during the early 1920s has been one of the most important factors in the company's growth. It is estimated that one out of every four property and casualty insurance policies billed in the U. S. today is billed on a Rough Notes Co. form.

### Publishes Many Books

The company also publishes a great many books on various phases of insurance.

In 1925, a pictorial advertising division was added to the company. It pioneered in the development of visual sales and visual sales promotional material for the insurance business. Today, Rough Notes Co. visual materials are widely used by insurance agents and its visual promotional pieces by companies.

During the war, from 1942 to 1946, Mr. Wohlgemuth also served as editor of the Insurance Salesman and initiated its highly popular monthly selling feature section.

### Active In Insurance Organizations

For many years active in insurance organizations, he has 41 years of consecutive membership in the Indianapolis Life Underwriters Assn. and 35 in the Indianapolis Blue Goose. He is also a member of the General Agents & Managers' Assn. of Indianapolis, of the General Agents & Managers Conference of NALU, and of the Indianapolis, the Indiana, and International A&H Assns.

E. W. Wohlgemuth, a graduate of the University of Michigan and Harvard Business School, who joined the staff of the Rough Notes Co. in 1909 as a salesman and who has been since his return from army service in 1946, manager of the pictorial advertising division and secretary of the company since 1949, will succeed his father in the presidency.

## American Investors Corp. To Buy Two Life Companies

Within the course of 72 hours last week, American Investors Corp. reached agreements for the purchase of two Florida Life companies—American Life Savings and Florida Sun Life.

The directors of all three companies involved have approved the agreements and final approval of the transactions awaits action by Florida and Tennessee departments and the stockholders of American Life Savings and Florida Sun Life.

The agreements call for the transactions to take place on the basis of one share of American Investment Corp. for one share of American Life Savings, and two shares of American Investment Corp. for three shares of Florida Sun Life.



## Foreign Aid Vital To U.S. Economy, Douglas Tells N. Y. Managers

(CONTINUED FROM PAGE 1)

greatly intensified. This laid the basis for the economic demoralization in 1933 when unemployment rose to more than 14 million.

This country's position—not for today, but for the long term—he stated, is even graver than it was in the 1920s.

"Our surplus trade account is probably the largest of any country in modern history," he said. "Others must therefore be able to earn more dollars if orderliness in exchange markets is to be preserved."

### Others Must Earn Dollars

"Our emergence as a great creditor nation has made it imperative that we allow others to earn dollars, in order that they can service their debts to us, redress their adverse balance of payments, and thus preserve stability in foreign exchange markets." Toastmaster was Charles J. Buesing, Mutual of New York, association president.

Many home office executives were guests at the dinner, held during the week of the Institute of Life Insurance, Life Insurance Assn., and Assn. of Life Insurance Counsel meetings.

## Insurance Is Target For Mich. Tax Proposal

LANSING, MICH.—An ominous specter of increased taxation was raised for most insurers operating in Michigan when a tax study committee made the insurance industry one of its targets in a report on which proposed legislation will be based. A citizens' committee which worked with a group of legislators in framing the report endorsed the report on a majority basis. One of the major dissenters was John Carton, president of Wolverine and Federal Life & Casualty. He objected not only to the proposed alteration of the taxation pattern affecting insurance but to the proposed imposition of a state income tax on a basis he considered an excessive burden on middle and upper class income groups.

The committee report recommended raising to 3% the premium taxes on lines other than fire and marine, written by out-of-state insurers. Presently the 3% rate applies only to fire and marine, other lines paying a 2% levy.

The report recommended that the present franchise tax, now assessed against Michigan insurers, be repealed and a 1% levy be assessed against premiums. It was estimated that the premium tax would yield \$1,100,000 more yearly than the present franchise levy.

### Would Exempt Medical Coverage

An exception would be made in the case of medical and hospital coverage. Inasmuch as Blue Cross and Blue Shield are exempted from taxes, the report advocates exempting similarly the same coverages provided by "commercial underwriters."

The policy as to taxation of annuities would be altered, also. The report advocates a 1% tax on annuities, both foreign and domestic companies, "and that annuities that may be classified under the federal internal revenue code's definition of qualified pension, profit-sharing, and stock bonus plans be exempt from this tax." It was noted that annuities are so similar to



Father and son combination which heads Modern Life & Accident of Chicago shown at recent open house marking the return of the company's head office to the Insurance Exchange building there, after moving to another location in 1929. Ralph Manno, founder and president (seated), is shown with his son, Vincent P., vice-president.

## Conn. Seeks Tax Boost On Insurers

HARTFORD—Local insurers have issued a statement saying they were "shocked" at Gov. Ribicoff's proposal that the tax on Connecticut insurers, which was put on a reducing basis by the legislature last year, should be restored to the 1957 level. The companies said the proposal would boost their tax from the 2% they are paying now to a permanent 2½%, and this would be counter to the governor's campaign pledge that he would not increase taxes.

## Suburban Boston Agency Opened By John Hancock

John Hancock has opened its new two-story building on Route 128 in Waltham, Mass., which will house the suburban office of the Pitcher agency at Boston. John Bishop, associate general agent, has been appointed manager of the new office which was designed to offer expanded service to the rapidly growing industrial and residential population along Route 128.

Fifteen agents of the Boston agency have been assigned to the new location, which contains 10,000 square feet of office space and includes a lounge with snack facilities for employees.

"endowment life contracts . . . as to leave the distinction almost imperceptible."

Mr. Carton called the proposed insurance tax increase "unreasonably high; economically unsound; unfairly discriminatory in shifting the tax burden to the lower income group, and inconsistent with the committee's avowed purpose of improving the tax climate in Michigan, because it would impose additional retaliatory taxes against the Michigan insurance industry."

The proposed premium tax boost, he said, "represents approximately a 50% tax increase on a single industry. With the retaliatory features, this would amount to about a 58% tax increase." He noted that, because of other states' retaliatory laws, "Michigan-domiciled companies doing business in other states would be compelled to pay between \$2,500,000 and \$3,500,000 in new taxes to other states."

## University Insurance Teachers Complete Program For Annual Convention At Chicago, Dec. 28-29

(CONTINUED FROM PAGE 2)

Krogh, University of Kansas; "The Insurance Curriculum," Harry J. Loman, University of Pennsylvania; discussion, William Howard, University of Florida; W. O. Bryson Jr., Morgan State College; and Robert M. Stevenson, Texas A&M. Reports on research in progress, Richard M. Heins, University of Wisconsin, chairman. "Unattended Problems in the Making and Regulation of Fire Rates," Harry J. Solberg; "The Optimum Growth Rate for a Multiple Line Carrier," Irving Pfeffer; "Workmen's Compensation and the Handicapped," C. Arthur Williams; "Automobile Insurance Cost Problems—a New Jersey Case Study," John Adams and Philip Elkin; "Unemployment Compensation Benefit Problems," Theodore Bakerman; "The Control of Over-Utilization of Health Insurance," O. C. Dickerson, and "Health Insurance for Retired Persons," Frank G. Dickinson.

Monday morning "Taxation of Insurance," Frank J. Schwenker, University of North Carolina, chairman; "General Survey—the Total Impact," John W. Cowee, University of California; "Taxation of Life Insurance Companies," Robert L. Hogg, Equitable Society; "Taxation of Property and Casualty Insurance Companies,"

George D. Haskell, American Mutual Insurance Alliance.

Monday luncheon, "Current Trends in Insurance," James C. O'Connor, editor FC&S Bulletins; presentation of the 1958 Elizur Wright award for outstanding contribution to insurance literature.

Monday afternoon, "Problems in Insurance Regulation," Arthur Mason, Washington University, chairman; "Antitrust and Regulation Problems in Insurance," Victor Hansen, U. S. Department of Justice; "A Regulator Faces the Facts," Commissioner Joseph S. Gerber of Illinois; business session.

Walter G. Dithmer of Western Underwriters Assn. is in charge of arrangements.

### OK Merger Of Ind., Okla. Insurers

The merger of First United Life of Gary, Ind., and Commonwealth Life of Tulsa has been finalized with the approval of the Oklahoma department. The Indiana department had given authorization earlier. The merger was completed through a reinsurance agreement and exchange of stock. First United was formed in 1956 and currently has \$32 million in force. Commonwealth Life, founded in 1925, has \$17 million in force.

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